FINANCIAL TIMES
PUBLISHED IN LONDON AND FRANKFURT
No. 28,832 Friday July 23 1982 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.50; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 50p; MALTA 30c

NEWS SUMMARY

GENERAL

Israeli forces attack Beirut

Israeli forces attacked Syrian and Palestinian positions along the ceasefire line in Lebanon yesterday.

Israeli aircraft bombed Palestinian targets in Beirut for the first time since June 25. They said they also attacked the Syrians and the Palestinians in the eastern Bekaa Valley.

U.S. special envoy Philip Habib, who is trying to negotiate a solution to the crisis, arrived in Damascus. Back Page; Iraq launches major offensive, Page 3

Falklands move

The Government lifted the 200-mile total exclusion zone around the Falklands but has put limits on Argentine aircraft and vessels in a 150-mile zone. Page 12

Health row grows

TUC health service unions plan a five-day campaign of intensified industrial action from August 9-13 in support of their pay claim. Page 10

Pershing failure

The first of the U.S. Army's Pershing II missiles exploded 30 seconds after its test launch from Kennedy Space Centre.

IRA bomb hint

The IRA hinted strongly that it might mount more mainland bomb attacks. One bomb in London was worth a 100 in Belfast said Republican News, the IRA paper.

FBI gun arrests

Two men were arrested in New York for allegedly buying automatic rifles for the IRA from an undercover FBI agent.

Steel's plea

Liberal leader David Steel said Government action was needed to end what seemed a network of corruption, threatening to bring the police into disrepute. Page 12

Media boss quits

Spain's state broadcasting director Carlos Piquer resigned after a watchdog council criticised him for allowing a TV programme said to support the 1980 Turkey military coup. Page 2

Protest ends

Russian Sergei Petrov called off a 52-day hunger strike over an application to join his wife in the U.S. Page 2

Ban Zapu call

Zimbabwe's pro-Government Herald newspaper called for Joshua Nkomo's Zapu party to be banned and its leaders arrested. Page 3

Longer deadline

The joint receivers of Wolverhampton football club extended the deadline for firm offers for the club until Friday, July 30.

Grounded

An engine was severed from the tail of a Boeing 727 aircraft belonging to Dan-Air when it was in collision with a lorry. The aircraft was on tow at Gatwick Airport.

Popular Pope

Miss Universe contestants voted heavily in favour of Pope John Paul when asked who they thought was "the greatest person in the world today."

Briefly . . .

Actor Richard Burton is in hospital with back sprain.

Journalist Harry Evans is joining the board of Goldcrest Films and Television. Page 8

Job creation scheme was launched by London Chamber of Industry and Commerce.

BUSINESS

Gold up in NY; sugar falls

● DOLLAR fell to Y251.8 (Y252.0), but rose to DM 2.434 (DM 2.4275) and to SwFr 2.0625 (SwFr 2.0575). Its trade-weighted index dropped to 119.4 (119.5). Page 34

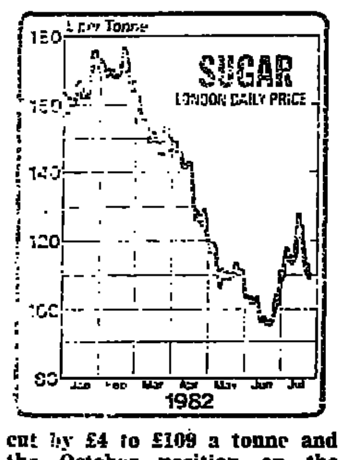
● STERLING fell 90 points to $1.7465 and to DM 4.255 (DM 4.2351) SwFr 3.605 (SwFr 3.61) and FFr 11.835 (FFr 11.885). Its trade-weighted index fell to 91 (91.2). Page 34

● EQUITIES firmed slightly after a cautious opening. The FT 30-share index closed unchanged at 572.2. The FT Actuaries index rose 0.1 per cent at 340.45. Page 31

● GILTS firmed on hopes of lower interest rates. The Government Securities index closed 0.25 up at 72.46. Page 31

● GOLD fell in London $13.5 to $352.5 an ounce. In New York the Comex July close was $358.8 ($355.4). Page 29

● SUGAR eased in London on rumours of further Indian sales, and on the decline in gold. The daily price for raw sugar was



cut by £4 to £109 a tonne and the October position on the futures market closed £3.4 lower at £114.8 a tonne. Page 29

● WALL STREET was 4.09 up at 836.28 at 3 pm. Page 30

● FRANCE defied U.S. sanctions against the Soviet Union by ordering companies to go ahead with contracts on the European-Siberian gas pipeline. Back Page

● EEC has offered to reduce its steel exports to the U.S. Back Page

● EUROPEAN COMMISSION is challenging BL and Ford of West Germany over their efforts to slow sales on the Continent of right-hand drive cars to UK buyers. Back Page

● BRITISH SHIPBUILDERS had a trading deficit of £19.8m in the year ended March 31, within the Government's limit of £25m. Page 5

● BP is switching more investment from the North Sea to overseas. Back Page

● WELSH Development Agency announced record advanced factory completions for 1981-82. Its industrial lettings doubled to 218. Page 6

● PAKISTAN International Airlines has dropped its plan to buy two new airbuses and will buy second-hand aircraft instead. Page 25

● S. and W. BERISFORD, commodity dealer, announced the sale of its sugar merchanting and related companies as part of its campaign to gain control of the British Sugar Corporation. Page 20; Lex

● EXXON, U.S. oil company, reported 51.5 per cent drop in second quarter net earnings to $885m (£506.73m). Page 23

● MFI, furniture retailers, reported pre-tax profits up £3.34m to £15.12m for the year ended March 29, in spite of drop in turnover. Page 19; Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			
Treasury 12pc 1987 £100½	+ ½	Sotheby's	305 + 8
Treasury 9pc 1992-96 £80½	+ ½	Stewart Wrightson	277 + 10
Allied Colloids 263	+ 8	Trusts Secs.	92 + 7
Biboy (J.) 285	+ 10	South African Land	200 + 17
British Land 84	− 3	UC Investments	530 + 15
Bullough 205	+ 7	**FALLS:**	
Cape Inds. 85	+ 5	British Sugar	448 − 13
Change Wares 17	+ 2	Eagle Star	355 − 7
Chemring 405	+ 17	Mercury Securities	190 − 8
Crouch Group 80	+ 6	Mixconcrete	170 − 4
Eurotherm 463	+ 8	Norfolk Capital	22 − 2
Glaxo 743	+ 12	Reckitt & Colman	296 − 6
Lonrho 92	+ 3	Star Computer	230 − 10
MFI 74	+ 3	Tilling (T.)	124 − 6
Midland Bank 335	+ 5	Turner & Newall	54 − 2
Pearl Assurance 394	+ 12	Anglo Am. Corp.	550 − 30
Pratt (F.) 62	+ 7	Driefontein	£10¾ − ½
Prestige 173	+ 7	Gold Mines of Kalgoorlie	205 − 10
Ready Mixed Concrete 255	+ 7	Ventersport	372 − 28
		Western Deep	£13¾ − ½

Aetna to pay £66m for 40% stake in Samuel Montagu

BY WILLIAM HALL, BANKING CORRESPONDENT

AETNA LIFE & CASUALTY, the biggest quoted insurance company in the U.S., is to pay £66.1m for a 40 per cent interest in Samuel Montagu, the London merchant bank. Aetna has also agreed to provide £16m of additional capital for Montagu over five years.

Mr Geoffrey Taylor, group executive of the Midland Bank which owns Samuel Montagu, said yesterday he saw the linking of "a leading U.S. insurance company, a London merchant bank and a UK clearing bank as a major development in the financial world."

Aetna has assets of $40bn (£23bn) and over 40,000 staff. It is an important force in the U.S. life insurance and property casualty insurance field. Its business is highly cyclical and its operations have been largely confined to the U.S.

The need to diversify earnings, and meet growing competition in the U.S. financial services industry lies behind its investment in Samuel Montagu. Mr James Wolfensohn, the investment banker who used to work for Schroders and Salomon Brothers before branching out on his own, advised Aetna in the transaction.

Mr Donald Conrad, executive vice-president of Aetna, said the investment in Montagu "positions Aetna advantageously in the emerging global financial services market place and will enhance our strength in the U.S. where there is an increasing blurring of distinction between insurance and financial services.

"While our principal activity will continue to be our multi-line domestic insurance business, we welcome this opportunity to establish this relationship with Samuel Montagu."

Men and Matters, Page 16
News Analysis, Page 18
Lex, Back Page

Mr Staffan Gadd, Samuel Montagu's chief executive, described the deal as a "quantum leap" for his bank. It will give it extra capital, access to Aetna's substantial customer base and provide opportunities for expansion, particularly in the U.S. but also in the Far East. Aetna sees Samuel Montagu as the main vehicle for its overseas expansion.

Mr Taylor said it was a difficult decision to sell a stake in Samuel Montagu, "but one has to look down the road to see how the market for international financial services is likely to develop, and it all pointed in the direction of an association with Aetna."

Aetna and Midland have agreed to provide £40m of additional capital, on a pro-rata basis, to Samuel Montagu over the next five years. At its last balance sheet date, Samuel Montagu disclosed shareholders' funds of £65.6m, profits of £6m and assets of £2bn.

Aetna and Midland will each have three representatives on the holding company board, but Samuel Montagu will continue to have "operational autonomy."

This could determine whether Samuel Montagu will be allowed to continue as a member of the Accepting Houses Committee, the trade association of the City's top merchant banks.

The deal, which is expected to be completed over the next two or three months, also throws into question the future of Aetna's recently-established joint venture with S. G. Warburg, Aetna Warburg Investment Management.

Midland Bank shares rose 5p to 335p last night.

Japanese bid for U.S. Ford steel plant

By Richard Hanson in Tokyo

NIPPON KOKAN, one of Japan's biggest integrated steel producers, is leading a consortium which is negotiating to buy a 75 per cent stake in the eighth largest steel plant in the U.S., Ford Motor's wholly-owned Rouge Steel Company near Detroit.

This would be one of the largest Japanese acquisitions in the U.S. Because Rouge is unlisted, the price tag is hard to determine. But the plant's 3.5m tons per year of crude steel capacity would cost more than $3bn (£1.7bn) to build.

Other members of the Japanese consortium are Mitsubishi Corporation and Marubeni Corporation, both leading trading companies, and several *other companies, including* some banks. The consortium expects negotiations with Ford to be completed soon.

Rouge has relatively new equipment and is near raw materials and major markets. Most of its output is sold outside Ford Motor.

Nippon Kokan is the first Japanese steel-maker to attempt to buy a U.S. plant.

The Japanese concern has, however, close technology ties with Ford and Rouge Steel on which an agreement was formalised late last year. Rouge wants *Japanese technology* to install energy-saving continuous casting equipment.

Nippon Kokan, in common with the rest of the Japanese steel industry, is facing a difficult period. Exports to the U.S., already under certain restraints, have been hit by a sharp drop in demand for high-quality seamless steel pipe, used particularly by the oil industry. Sales are running about one-third below the levels of a year ago. Domestic shipments have also fallen, prompting cuts in both production and capital spending plans.

Other Japanese steelmakers may also decide that acquisition is the only way to continue to expand. This is especially true in the U.S. where it is generally believed that exports will continue to be subject to protectionist pressures.

Paul Taylor adds from New York: Mr Philip Caldwell, Ford chairman, said that an equity sale would enable Rouge Steel to grow more rapidly through technological improvements and expanded marketing efforts.

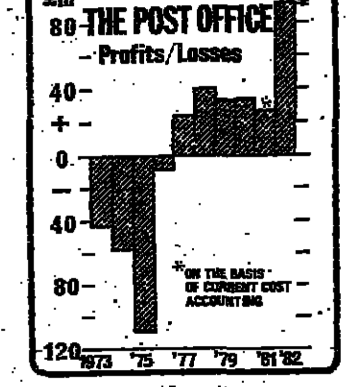
The sale of the steel plant, which employs 5,500, is also expected to provide a much-needed capital injection for Ford, enabling the car-maker to

Continued on Back Page

Fourfold increase in Post Office profit to £96m

BY JASON CRISP

POST OFFICE profits increased more than fourfold to £96.2m in the year to March 1982. The government target for the year was a profit of £50m.



The profit figures are given on a current cost basis. On a historic cost basis the rise is less sharp, to £128.7m in the year to March from £38.9m.

Turnover rose 15 per cent in the period to £2.5bn. Both the Girobank and the postal service increased profits sharply but a small loss was recorded on postal orders.

The Post Office repeated its call to be allowed to use part of its profit to boost its investment programme. Although the mechanisation of sorting offices is being delayed through lack of capital investment the Post Office had to invest a £13.4m *cash surplus* in government securities last year. Over the last five years it has contributed £93.3m to Government and in the current year is expected to contribute a further £38m.

Mr Ron Dearing, chairman, pointed out yesterday that the Post Office had rightly been criticised for being too slow to mechanise sorting offices. He hoped the government would respond to the report from the all-party House of Commons Trade and Industry Committee which said it should have access to its own reserves.

Over the next five years the *Post Office* seeks to invest £140m a year. At present it is only authorised to invest £115m. Mr Dearing also pointed out that no other postal authority in a major country was not heavily subsidised.

The Mail Users Association called for an end to enforced investment in government securities which it described as "a scandalous misuse of customers' money." The MUA welcomed the record profit. Mr Michael Corby, its director, said: "There is a sign that the Post Office is getting to grips with some of its basic problems but it has two years' decline to make good."

The Post Office withheld between £3m and £10m from British Rail after last winter's strikes. The Post Office is renegotiating its substantial contract with BR. Mr Dearing warned that strikes had proved it could still run a full (but slower) postal service without using the railways.

The money that came with the mail, Page 6

Government again to cut grants to local councils

BY ROBIN PAULEY

THE GOVERNMENT is to cut substantially its level of grant to local councils in 1983-84, for the second consecutive year. Overspenders will be subjected to even tougher penalties.

Under the Government's plans, the money available to councils for spending on wages and services is likely to be reduced by 2 per cent in real terms.

Mr Michael Heseltine, Environment Secretary, will hold an extraordinary meeting of the Consultative Council on Local Government Finance on Tuesday to tell local authority leaders that:

● The percentage of current expenditure funded by the Government will be cut from 56.1 per cent this year to between 53 and 54 per cent next year. In 1981-82 it was 59.1 per cent.

● The total available for exchequer grant in 1983-84 will be £11.8bn.

● A sum of £900m will be added to the total current expenditure target for councils next year, thanks to his success in a battle with the Treasury. The extra money will lift the total above £19bn.

● There will be no new penalties for the £1.4bn overshoot of targets this year, but much tougher penalties will be enforced next year.

Mr Heseltine is making a preliminary announcement of the Rate Support Grant settlement, in advance of his usual autumn statement, in response to local government officials' complaints that they are usually not given information early enough to plan their budgets.

He had asked the Cabinet for an extra £1.2bn to be added to the White Paper plans for next year on the same basis as that which win him an extra £1.3bn last year—that without the extra money targets would be unrealistic and councils would levy very large rate rises.

The Treasury argued against any increase this year but the Cabinet agreed to give Mr Heseltine another £900m. Arguments in favour of cutting the grant percentage even more drastically were rejected because the Government is anxious to avoid high rate rises in a possible election year.

Spending departments have asked for a total £5bn in excess of White Paper plans for next year. Mr Heseltine's request, settled this week, is so far the only firm Cabinet decision.

On Tuesday he will announce a current expenditure target for every council in England. Each wil be warned that penalties in the form of grant reductions for all overspending will be more severe next year than *this.*

The Cabinet has yet to resolve the problem of whether to continue exempting from penalty those councils which spend over target but which remain below the Government's assessment of the amount they need to spend to provide a standard level of services.

State group in fight to gain 'Atlantic Conveyor' order

BY ANDREW FISHER, SHIPPING CORRESPONDENT

British Shipbuilders yesterday made clear its determination to win the order to replace the Atlantic Conveyor, lost in the Falklands, and attacked the pricing policies of competing Far Eastern yards.

"We want that ship, we need that ship, we deserve that ship," said Mr Robert Atkinson, chairman of the state-owned group. Earlier, he had announced a fall in trading losses from £41m to just less than £20m for the financial year to March 31.

Cunard, part of the Trafalgar House group, will soon say whether the order to replace the container ship will go to a UK yard, Swan Hunter on the Tyne, or to the Far East, where prices are much lower.

Mr Atkinson accused Far Eastern countries, with South Korea now outdoing Japan, of trying to win orders at unreasonably low prices to gain a powerful share of the market.

The price quoted by South Korea to Cunard of about £30m is similar to the £29m which the UK yard would spend on materials alone.

Intensive talks have been going on between British Shipbuilders, Cunard, and the Government over how to bridge the gap without breaking EEC subsidy rules. British Shipbuilders' full price for the vessel is £45m.

Details, Page 5

Granny Bond holding limit raised

BY ERIC SHORT

THE TREASURY yesterday intensified the battle for the public's savings when it announced the doubling of the maximum holding of index-linked National Savings Certificates to £10,000. A new National Savings Bond, initially yielding 13½ per cent gross is also being introduced.

Moves by the Treasury to improve the competitiveness of National Savings contracts were not unexpected. It had set a target of £3bn this year as the funding contribution from National Savings. However, in the first three months the amount raised was just £368m, which meant money was coming in at less than half the target rate.

Granny Bonds, as the index-linked National Savings Certificates are still called, have always been a lucrative source of investment. Now that they are available to all investors, however, there is only one method to increase takings and that is to boost holding limits as the Treasury is doing as from next Monday.

The new income bond on sale from August 2 is a different animal, although it does fill a gap in the range of contracts. Interest is paid monthly and the rate can be varied on six weeks' notice by the Treasury, *ostensibly to keep it competitive.*

But basic rate taxpayers can get nearly 14 per cent grossed-up from building societies, and this new bond contains severe penalties for early cash-in that do not apply to building societies. With a minimum holding of £5,000, this income bond does not appear over attractive to such savers.

Mr Herbert Walden, deputy chairman of the Building Societies Association, did not think the new bond would have much effect on savings with building societies. He regarded it as just another factor to take into account. Yet it could be of increasing significance with pressure growing on the societies to cut mortgage rates.

PSBR within forecast, Page 8
Lex, Back Page

£ in New York

—	July 21	Previous
Spot	$1.7465-7480	$1.7435-7440
1 month	0.04-0.08 pm	0.07-0.09 pm
3 months	0.70-0.75 pm	0.73-0.77 pm
12 months	3.25-3.40 pm	3.15-3.30 pm

CONTENTS

For latest Share Index phone 01-246 8026

Chemical industry to receive nearly half of £831m state aid

BY DAVID MARSH IN PARIS

THE HEAVILY loss-making French chemical industry is to receive almost half the FFr 9.9bn (£831m) which the Government and nationalised banks are pumping into state-owned companies this year.

Under the detailed plans for allocating state funds, just announced by the Ministry for Research and Industry, the largest two recipients of aid this year will be the chemicals and metals group Pechiney Ugine Kuhlmann, with FFr 2.4bn, and the chemicals giant, Rhone-Poulenc, with FFr 1.26bn.

Within the overall total, the steel industry is to receive FFr 2.4bn, with the rest mainly divided up among six other state companies.

The money will come in the form of FFr 6bn of direct equity capital from the Government and the banks, together with FFr 3bn in subordinated loans.

An additional FFr 910m is being released in the form of sales of cross-shareholdings which nationalised companies held in each other before being taken over by the state.

The other nationalised companies scheduled to receive funds this year are: the chemicals group CdF-Chimie and its subsidiary Enterprise Miniere et Chimique, FFr 800m; the computer concern CII-Honeywell Bull, FFr 850m; and the electrics-to-arms group Thomson, FFr 600m.

Saint-Gobain, the glass and pipe manufacturing conglomerate, and Compagnie Général d'Electricité, the electrical and engineering giant—the only ones of the recently nationalised companies to have made a profit last year—are also on the funding list.

They are receiving FFr 400m and FFr 850m respectively. Additionally, FFr 350m of the total is being set aside for specific aid for new projects.

The funding programme has become necessary to finance fresh investment by newly nationalised companies — a central part of the Government's recipe for growth—and to cover heavy losses caused by the recession.

Government officials hope the need to stem losses will diminish as the overall economic position improves. But funding for nationalised companies is expected to rise further next year, with a total of FFr 11bn projected in provisional budget plans.

● The shake-up in top management at Air France, the nationalised airline, was confirmed yesterday when the company announced the resignation, as expected, of M Gilbert Pérol, its Number Two for seven and a half years.

He will be replaced as director-general by M Henri Sauvan, who up to now has been the airline's secretary-general.

Militant wine growers on guard

By David White in Paris

FORECASTS of an abundant French wine harvest this year are keeping militant growers in the south of the country on their guard despite the progress made in Brussels this week on measures to prevent a Franco-Italian wine war.

While the French Government expressed confidence that the EEC proposals for draining off the potential wine surplus would solve the situation, action committees in the Languedoc region, where most French "table wine" is produced, have stuck by their plans for a protest on July 31.

Latest forecasts from the Agriculture Ministry point to a 30 per cent increase in the wine harvest to between 7.5 bn and 7.6 bn litres, compared with last year's 5.8 bn.

The expected figure is lower than the record 8.4 bn litre harvest registered in 1979, and may be revised downwards when the effects of the recent dry spell become known, but is still causing concern to the distrustful vignerons of the Midi.

The Community measures, which have been awaiting final approval from West Germany, provide for optional distillation in September and compulsory distillation, if necessary, in December.

The Government issued a statement on Wednesday saying that the EEC measures would give winegrowers similar guarantees to other farm sectors.

David Housego reads the omens for the Government when the holidays are over

French unions look to autumn of strikes

ONCE Bastille Day (July 14) has passed, the French like to be borne away on holiday with the comforting sense that the weather is good and that all is well in the world. The weather could not have been better this summer but the outlook is awful.

M Lionel Jospin, the First Secretary of the Socialist Party warned gloomily at the weekend that the years ahead would be "dreadful."

The satirical Le Canard Enchaine carries a cartoon this week of President François Mitterrand and M Pierre Mauroy, the Prime Minister, under siege in an elegant castle from angry farmers, small businessmen and steel workers.

The Government's post-devaluation measures, however, have not so far prompted strikes in industry, even though steel workers have agitated against further closures of steel plants.

The about-turn over economic policy has nonetheless dealt a damaging blow to the Government's popularity. President Mitterrand has recorded a sharper fall in the opinion polls than any experienced by President Pompidou or President Giscard d'Estaing. On the IFOP-France Soir poll, the margin of those who support the President has dropped to 1 per cent from 38 per cent last July.

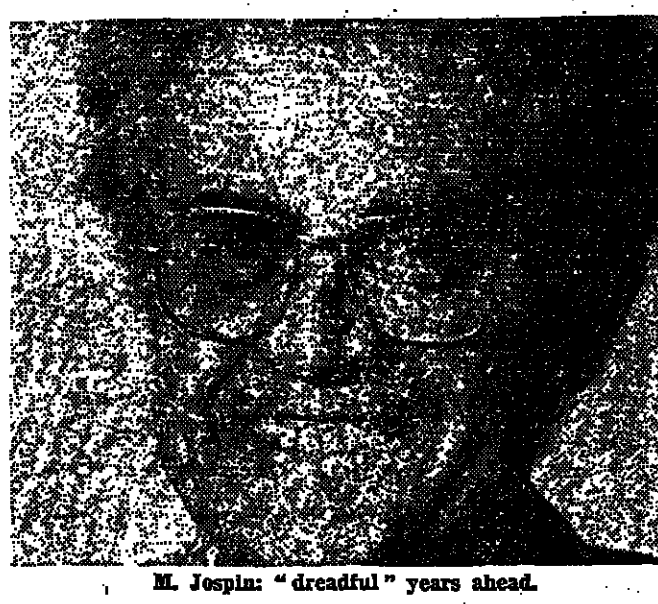
M Mitterrand was whistled at when he rode down the Champs Elysée on Bastille Day—an unheard of event in the history of the Fifth Republic even if the hecklers were few in number.

The Government hopes that the post-devaluation shock will jolt Frenchmen into realising that France cannot live out of step with her competitors and that sacrifices are needed. M Jacques Delors, the Finance Minister, reflected aloud at the weekend whether many Frenchmen were aware that the world was two and a half years into "stagnation and recession."

Officials add that France has been almost unique among industrialised nations in seeing real incomes and purchasing power continue to rise.

The focus of government policy is thus now on securing voluntary acceptance for an 18-month period of price and wage restraint in an attempt to bring down the inflation rate and improve industry's international competitiveness. The recent reshuffle of the Cabinet has put M Pierre Beregovoy, the former Secretary-General of the Elysée, and a long-time faithful supporter of the President's, in charge of cutting social security expenditure—increases in family allowances and pensions have been a powerful factor in the growth in real incomes.

The leadership of the Socialist party met for the first time for a session behind closed doors with the Government on Saturday. The Government heard the party's grouses about the twists and turns of policy and the lack of consultation They also pressed the Government for higher taxes on the better-off to spread the burden of sacrifices. But once the holidays are over they are to take up the Government's cause by explaining at grass roots level how austerity now will bring industrial regeneration and prosperity later.



M. Jospin: "dreadful" years ahead.

Behind the Government's urgent pressure to get the unions to accept voluntary restraint is the unspoken threat that the alternative to consultation is likely to be mere "dirigisme" of government intervention in the economy. It is unspoken because the wage freeze has already badly strained the traditions of free bargaining and the threat of further intervention would deprive negotiations of all credibility. A further casualty of a failure of the freeze would almost certainly be the departure of M. Pierre Mauroy, the Prime Minister and M. Jacques Delors, the Finance Minister, whose names are most closely associated with it.

The Government's difficulty is that the requirements of overall economic strategy and the immediate political requirements point in opposite directions.

Over the longer haul, officials and Socialist party strategists look to the fulfilment of at least four conditions as necessary to avoid a continuing "stop-go" cycle. A reduction of real wages that would permit a shift of resources from consumption into industrial investment; a cut in social security expenditure; the rebuilding of industry's profit margins now depressed to a point that even a lowering of interest rates is unlikely to stimulate investment; and the acceptance of a higher rate of unemployment during a period of restructuring.

The immediate requirements are very different. Politically it is difficult to make a cut in living standards bite too deep without going back on so many pre-election promises as to undermine the left's credibility. Beyond that the Government is acutely conscious that further unpopularity could bring damaging reversals in the March muncipal elections.

Between these two opposing requirements of policy it is not always clear what, in practice, the Government intends. Union leaders came away from last week's tripartite meeting with government and employers believing that M. Mauroy and M. Delors had differing views on the level of wage settlements after the freeze.

There have been conflicting statements on whether the Government is seeking a fall in purchasing power or to maintain it in average terms until next year.

There is uncertainty how far the Government wants to push its deflationary measures. The official statistics bureau, Insee, is forecasting a 1 per cent growth in gross national product this year

The omens for a consensus emerging on negotiated price and wage settlements after the freeze are not good. Industry continues to state its hostility to the freeze and complains of its shrunken margins. M. Andre Bergeron, the leader of the centrist Force Ouvriere union, says that he could not ask his rank-and-file to accept a cut in purchasing power.

M. Bergeron believes that strike action is likely to spread after the holidays. It is almost inevitable that unions will test the Government's readiness to make concessions.

Spanish TV chief resigns

MADRID—The Director of Spain's state broadcasting resigned yesterday in a controversy over government control of information.

Sr Carlos Robles Piquer, appointed by Sr Leopoldo Calvo Sotelo, the Prime Minister, was accused yesterday of negligence by an all-party watchdog council investigating a recent broadcast said to support the 1980 military coup in Turkey.

Parliamentarians with vivid memories of being held up by rebel civil guards in last year's abortive coup in Spain called for the dismissal of Sr Robles Piquer. Accusations of bias have dogged the director since his appointment nine months ago.

Opposition politicians have accused him of giving excessive television coverage to Sr Manuel Fraga, a right-wing politicians a minister under Franco and a brother-in-law of Sr Robles Piquer.

The previous director was sacked last October after accusations by government supporters that the state television monopoly had fallen under Socialist influence.—Reuter

David White writes from Paris: Sr Domingo Iturbe Abasolo, considered the leading figure in the hard-line military branch of ETA, the Spanish Basque separatist organisation, was sentenced yesterday by a court at Pau, south-west France, to three months' imprisonment for illegal possession of arms.

The Basque leader, known as "Txomin" was arrested last month in a round-up of suspected ETA members in France. The swoop, the second major operation this year by the French authorities against ETA, came shortly before President François Mitterrand's visit to Madrid, where the Government has continued to criticise France's attitude to the terrorist problem.

"Txomin" has lived in France since 1968.

Romania slowly begins to give creditors hope

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

SLOWLY, AND with many a false start, Romania is improving its economic relations with the West and giving its creditors hope that it is serious about putting its sick economy on a sounder footing.

The International Monetary Fund (IMF) resumed lending under its interrupted stand by credit programme to the Ceausescu Government in June. The 13 Western governments which have underwritten export credits to Romania are expected to agree formally next week to reschedule the $400m (£222m) debts Romania owes them this year. A much more cumbersome rescheduling, involving some 200 Western banks which are owed $3bn by Romania this year, shows signs of progress.

But the Romanians have some way to go before they lose their reputation for deviousness in negotiation and tardiness in payment. West European companies are still owed substantial arrears by Romania: British companies, by no means the biggest creditors among suppliers, are owed around £10m.

"We are constantly amused by the fact that all the messages coming out of Romania these days are positive, but there is still no sign of our money," says one British executive.

However, despite running skirmishes with Western companies over payments, Romanian officials are unabashedly painting a bright picture of their economy. They forecast an increase in the country's hard currency trade surplus from $304m last year to $550m this year, and a narrowing in the current account deficit — including debt repayments — to $450m this year, a further improvement from the peak dollars 2.4bn deficit two years ago.

These figures are not plucked out of thin air in Bucharest, but are targets contained in the IMF agreement renegotiated last month. The current account improvement is based crucially on the assumption that Romania succeeds in its desire to reschedule 80 per cent of its 1982 debts to the West. They are targets to which Romania will clearly try to stick, for their attainment depends on further money from the IMF.

So far Romania has drawn only about half its $1.2bn IMF stand-by loan.

But targets have a way of going awry in Romania. Last year, the targets for industrial and farm production were 7 and 9 per cent respectively, but actual output was only 4 and 2.2 per cent, respectively. The present crunch has induced a certain modesty in Romania's planners, but they have still forecast a 5.5 per cent rise in industry and a 6.8 per cent increase in farm output.

In fact, the IMF-backed austerity measures and price rises, together with the reluctance of many Western companies to export to Romania on credit, were bound to depress the economy this year.

Bundesbank asks for loan reports

By Stewart Fleming in Frankfurt

THE BUNDESBANK, the West German Central Bank, is asking the country's banks to report to it D-Mark loans of over DM 50m (£11.9m) which they have made to foreign borrowers.

The decision reflects the Central Bank's unease about long-term capital outflows this year, part of which are due to the attraction of borrowing in the West German capital markets where interest rates are relatively low.

The outflow has had an adverse impact on the D-Mark on foreign exchanges

The Central Bank, through its membership of the Central Capital Markets Sub-Committee can exercise some informal control over the issue of bonds and private placings to foreign borrowers.

Industrial production stagnant in EEC

BY JOHN WYLES IN BRUSSELS

THE European Community's average annual inflation rate has fallen below 10 per cent for the first time in more than three years but industrial production remains stagnant and unemployment is rising at more than double the rate of February and March.

This sombre picture emerges from the European Commission's latest survey of the EEC economy. Despite the encouraging decline in inflation, it will do nothing to settle the debate among the Ten over whether there should be a modest co-ordinated move to stimulate demand.

The smaller member states, particularly Denmark and Ireland, are likely to seize on the deteriorating employment trend as further evidence of the need for a gentle stimulus.

But with U.S. inflation falling and public spending exceeding targets throughout the Community, Britain and West Germany, with the tacit acceptance by France, will continue to emphasise the need to depress the rise in prices.

According to the Commission, the seasonally adjusted annual inflation rate fell to 9.6 per cent in May—the first time it has dropped below 10 per cent since early 1979.

The deceleration of price increases was general, except for Belgium and Luxembourg whose rate of increase was still reflecting the February devaluation of their currencies. The most marked falls in inflation were registered in West Germany, the UK and Italy.

Unemployment, meanwhile, rose by 0.1 per cent in May and at 10.8m is the equivalent of 9.7 per cent of the EEC labour force. The rate of increase in April and May was 170,000 people a month, comparable to the final months of last year and more than double the 80,000 a month rises in February and March.

European Economy No 7—July, 1982.

Russians revel in peace march

BY ANTHONY ROBINSON IN MOSCOW

TENANTS of the high-rise apartment blocks facing both sides of Moscow's Peace Prospekt had never seen anything like it.

Hundreds of Nordic women with blue eyes and bronzed faces strode along in sensible shoes and brightly coloured dresses or jeans, discreetly accompanied by KGB men carrying pink and blue balloons and the slogans of peace.

It was the first East-West peace march to hit Moscow and it was taking place, without prior notice, under their balconies. They loved it.

Traffic was stopped for two hours; uniformed police and the odd water cannon—just in case—were stationed well away in the back streets and the setting sun shed a warm glow.

It all began with a brass band welcome at Moscow's Riga station as the train carrying 300 mainly women peace marchers from Scandinavia drew in from Leningrad.

Soviet Peace Committee bureaucrats and some of the more intense women present vied with each other in the platitudes of peace—followed by translation—for over an hour in the Station Square.

But then, to the surprise of cynical Western reporters, the whole march perked up handsomely as the original 300 streamed out beneath their placards, banners and balloons and surged down Peace Prospekt in the kind of happy inspired muddle which the standard Soviet peace march just never somehow manages to achieve.

What is more, they were not alone. Peace Prospekt is wide and straight and flanked by trees and tramlines. It can swallow up 300 people—even 300 singing Scandinavian women—without even noticing them. But suddenly the street was full.

Most of the Russians who joined in were probably members of the official Soviet Peace Committee—but then you do not actually have to do much to become a member. As one young Russian said: "Sure I'm a member, what you might call a collective member. Let's face it, we're all members automatically. It goes with your job."

Many of the Russians who were there on Prospekt Mira were there because they wanted to be. They obviously wanted to see a bunch of slightly eccentric foreigners do the kind of slightly crazy and funny things that people do for peace marches.

Many of the nice middle class women and the odd university professor there were not expecting to work miracles or change the Soviet system—but they were not going to be fooled by it either. Even so some of the more gushing women went overboard to the television cameras with their declarations of faith in the peace-loving qualities of the Soviet Union.

But there has been some tough talking, too, behind the scenes and protests against the Soviet trick of slipping in the odd anti-U.S. or anti-Nato slogan for the benefit of the cameras.

Hunger striker ends fast in Moscow

By Our Moscow Correspondent

SERGEI PETROV, a 29-year-old Russian hunger striker, yesterday called off his fast after 52 days without food.

Mr Petrov began his strike on June 2 and had vowed to continue to the end even when the Soviet emigration authorities denied him a visa to rejoin his wife Virginia in the U.S. on July 9.

Since then, his mother, Mrs Claudia Petrova, has also been on hunger strike. She, too, has given up.

Mr Petrov, weak and emaciated from his fast, said he made his decision so as not to increase the suffering of his family. His wife flew back to the U.S. on Wednesday after a brief visit.

Mr Petrov has received no word from the emigration office since he was denied a visa on alleged security grounds on July 9.

Mr Petrov and his mother intend to continue to seek exit visas

Kreisky hits at U.S. policy

VIENNA—Dr Bruno Kreisky, the Austrian Chancellor, yesterday described U.S. policy towards Poland and other Eastern bloc countries as outrageous and said it could have disastrous consequences.

Dr Kreisky said an international commission including the 35 signatory states of the 1975 Helsinki accords should be established to draw up a long-term aid plan for the polish economy.

"If Poland was to declare itself bankrupt—which I do not think will happen—the consequences would be disastrous not only for Austria, but for the whole of Western Europe, and it could be the result of the United States' outrageous policy towards Poland, the Soviet Union and other East bloc countries," he said.

Reuter

Polish show of strength as internees go free

WARSAW — Polish military authorities deployed heavy security forces in central Warsaw yesterday as an apparent sign that a relaxation of martial law did not mean a lowering of their guard.

Dozens of police vehicles, including at least one water cannon, were parked in the streets after a military parade in victory Square, the hub of the city, to celebrate the 38th anniversary of the proclamation of Communist rule.

The release of the majority of the interned members of the suspended trade union Solidarity went ahead as announced by General Wojciech Jaruzelski, the military leader, in the Sejm (parliament) on Wednesday.

It was too early for a complete picture of the releases to emerge, but a military spokesman said yesterday that 1,227 people would be freed, including all the women, and 637 men would remain in detention.

One of a group of four internees released from the Bialoleka prison on the edge of Warsaw kissed the ground after walking past the metal gate.

Reuter

Long odds for the prospect of a European plastics 'crisis cartel'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE ODDS against Western Europe's plastics producers setting up a crisis cartel under the aegis of the EEC look long indeed—as even the most cursory study of the formbook would indicate.

True, the heads of some half-dozen major plastics companies went last week to see Viscount Etienne Davignon, the European Industry Commissioner, to discuss the problems of their sector. And the meeting has undoubtedly buoyed up rumours—in some cases, hopes—that either a full-blooded cartel or a European master plan for plastics rationalisation might soon be established.

Such speculation, however, ignores the total antipathy of the West Germans, the British and the Dutch to anything that even remotely resembles a cartel.

Everyone in the European petrochemicals and plastics sector is agreed that overcapacity, reduced demand and weak prices have brought the industry to a crisis point. There is also general agreement that urgent action is needed to stop mounting losses. But there are deep divisions among the big producers — mainly along national lines—as to what that action should be.

What, then, are the different approaches? Why did some of the companies bother to go to the meeting with Viscount Davignon at all? What were the various factions—if such they can be called—hoping to achieve? And what—following the meeting—is the Commission's attitude to plastics restructuring?

The Italians, the French and the Belgians are evidently keen to see some kind of EEC programme for plant closures, although none of them has called for the formation of a cartel. The most concrete ideas so far have come from M Jacques Solvay, head of the Belgian-based Solvay group.

His proposal is that the industry should set up a European petrochemicals and plastics secretariat—with the knowledge and the permission of the Commission. The secretariat would be completely independent of any individual company. Its task would be to study the dimensions of plastics overcapacity, produce some hard data and then make suggestions as to who should close what. Industry leaders could then discuss the disinterested options put forward—and act on them.

M Solvay's argument—evidently supported by the French and the Italians—is that plastics restructuring must be carried out on a sectoral basis if it is to be effective. He belives that while plant closures by individual companies and bilateral deals to reduce capacity between two producers are excellent—and to be much encouraged they will not be enough.

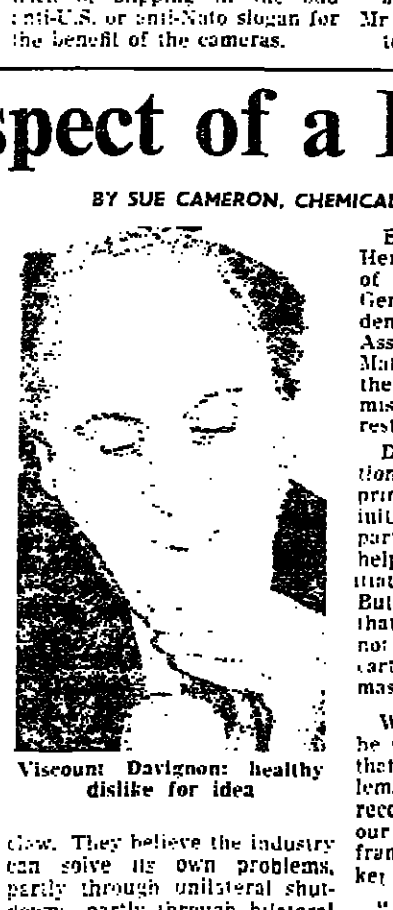
"Sometimes voluntary discipline does not work and you have to bring in a policeman," says M Solvay. "We don't want a crisis cartel. But if three companies are talking to each other about a possible deal, one of them may be cornered by the other two—and it might then go and complain to the Commission.

"We have to try to avoid such difficulties. We will have companies suffering very large losses if we just allow market forces to operate. National reactions to the closure of plants could be so strong that those closures would become impossible.

"If we leave it to market forces, we could strengthen protectionist attitudes. The pain would be greater and there could be more social unrest. Everyone might be inclined to blame the capitalist system.

"We must solve the problem as a whole. Bilateral deals will improve competition and make things better for those who are going to die will die quietly."

But the British, the West Germans and, apparently, the Dutch are firm believers in market forces, red in tooth and claw. They believe the industry can solve its own problems, partly through unilateral shutdowns, partly through bilateral product portfolio swaps and partly through attrition in the market place itself. They do not believe that the Italians, the French and, for that matter, the Belgians will carry out their share of the "closure burden"—even as part of a European solution.



Viscount Davignon: healthy dislike for idea

Earlier this summer, Dr Herbert Willersinn, a member of the board of the West German-based BASF and president of the West German Association of Plastics Raw Material Producers, spoke of the role the European Commission might play in plastics restructuring.

Dr Willerson said his association would not be opposed in principle to a politico-economic initiative from the Commission, particularly if such a move helped promote individual initiatives from plastics companies. But he made it abundantly clear that the West Germans would not have anything to do with a cartel or even with a European master plan for closures.

West German manufacturers, he said, had always maintained that the plastic industry's problems should be solved "without recourse to state aid, applying our own initiative within the framework of the rules of market economics."

"Experience shows," he said, "that recourse to the state involves the danger of increased interference with policy, something none of us want. This is why we have felt, and still feel, reluctance to make a direct approach to the European Commission. And, of course, our misgivings would be greatly increased if bringing in the European Commission turned out to lead to price fixing or quota fixing. In my view, the example of steel should be a solemn warning to us all. We must resolve never to take that road."

But if that is the attitude of the West Germans and the British why did companies like Hoechst, Shell and Imperial Chemical Industries go to the meeting with Viscount Davignon last week?

The main reason they went—apart from keeping an eye on the other national groupings—is that they want the Commission to take a relaxed view of the many bilateral deals now in the offing, particularly when such deals involve plants in different countries. What they fear is that the Commission may stop bilateral agreements by invoking the competition laws.

And companies like ICI were able to say afterwards that the talks with Viscount Davignon were "helpful" because the meeting does seem to have established certain ground rules for companies wanting to discuss deals and closures with each other.

The companies have apparently been given the Commission's blessing to approach each other, provided the existence of overcapacity, heavy losses and "wild" competition can be established—which should not present any difficulties. Discussions between companies must not lead to the total elimination of competition, nor may they restrict competition more than is necessary for solving the overcapacity problem, nor may they involve a ban on imports.

The British and West German producers who went to the meeting—invited, not by the Commission but by the French and the Belgians — are all thought to be working on deals with other companies. ICI, for example, has some small LDPE — low - density polyethylene plastic—plants in the Netherlands and France which it cannot want now that it has given up its main UK LDPE business as part of the deal it has done with BP Chemicals. And there is strong speculation that Hoechst is keen to pull out of LDPE plastics in West Germany.

The way forward for such companies to negotiate with other producers in the sector now seems at least a little clearer than it was.

But there is no evidence whatever that a European-wide blueprint for closures may emerge from the next meeting that is due to be held in the autumn. Such a scheme would require the agreement of all the major producers—and those in the UK and West Germany would not, on present form, give their consent.

They recognise that some governments may prefer to subsidise their plastics industries rather than face the political consequences of large-scale job losses. But they also know that the pockets of even the most generous governments are not limitless.

The companies most strongly opposed to a European plastics cartel are perhaps the most robust—in some ways at least. They certainly believe they have a strong chance of surviving without any centrally directed scheme from Brussels.

And the Commission itself would seem to be on their side.

Viscount Davignon is said to be keen to have a finger in the pie if there is to be any intervention by the Commission. He is also said to have been displeased that the plastics producers who went to him last week had brought no hard data and no firm proposals with them. But, most important of all, he is reported to have a healthy dislike for the idea of a West European plastics cartel.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Iran launches major offensive and warns U.S. against interference

BY JAMES DORSEY IN KUWAIT

IRAN HAS launched a major military offensive against Iraq, believed to be even larger than last week's initial invasion of Iraqi territory. Iranian President Sayed Ali Khamenei yesterday warned the United States and the Gulf oil producers not to support the Iraqi war effort.

Military marches broadcast on Tehran Radio were continuously interrupted yesterday by communiques from the operational headquarters of Iran's armed forces. The headquarters, codenamed Kerbala, after the Shia Muslim holy city in Iraq, said Iran's latest military offensive, launched late on Wednesday night, consisted of a three-pronged attack from the North, the East and the South.

Tehran Radio did not specify where the fighting was taking place but said it covered 250 sq km of Iraqi territory. Tehran Radio made no mention of Basra, Iraq's second largest city—a possible indication that Iran may not be heading for the city itself.

Iran said it had reached "the heart of the enemy forces." Tehran Radio reported that 372 Iraqi tanks and other armoured vehicles had been destroyed. Two Iraqi tank brigades, one name Yaffa, had been wiped out, according to the radio.

The radio also said 2,100 Iraqis had been killed or wounded during the fighting, and 250 Iraqi prisoners of war, including a ranking Commander, had been brought behind Iranian lines.

An Iranian officer interviewed at the front described the battle by saying: "Nothing like it has ever happened before." Iranian military communiques spoke of the crossing of minefields, apparently referring to Iran's unorthodox military tactics. Thousands of volunteers equipped with light arms are believed to cross minefields on motor cycles and drive straight into Iraqi positions.

Earlier Iraq's official news agency reported that Iraqi troops had crushed a major Iranian offensive near Basra. The agency said thousands of Iranians had been killed when Iranian forces penetrated at two points 7 km and 4 km into Iraqi territory.

The agency said many Iranians had been captured. Iraqi television broadcast a message by a field Commander to President Saddam Hussein claiming that "We have absorbed the enemy, strongly struck against its collapsing army and destroyed it."

Addressing a prayer meeting in Tehran, meanwhile, Iranian President Khamenei warned that Iran would react forcefully to those who helped the regime in Baghdad. The President claimed that Iran's invasion of Iraq was necessary to protect Iranian cities from Iraqi artillery fire and that Iran would not cease preventing the flow of aid to Iraq.

The President, in what is thought to be the most severe warning to date against alleged supporters of Iraq threatened the U.S. with "a hard reply it does not expect" if Washington chooses to act against the Islamic Republic.

He reminded the U.S. that its livelihood is based on oil and that it cannot exist without the Gulf oil producing areas. President Khamenei went on to say that it was not in the interest of those dependent on oil to fight the Iranian people who were used to hardship and prepared for a holy war.

Diplomats say that President Khamenei's words appeared to be a veiled threat to interrupt the flow of oil from the Gulf. The Iranian warning is thought to be Iran's answer to U.S. offers to protect the Gulf states from an Iranian invasion. Earlier this week Kuwait rejected consultations on Gulf security with the U.S., saying this would lead to superpower involvement in the Gulf war.

President Khamenei . . . threatens U.S. with a "hard reply it does not expect"

Rioters invade New Caledonia Parliament

BY STEWART DALBY IN NOUMEA

ANTI-GOVERNMENT protesters in New Caledonia broke into the Legislative Assembly yesterday and fought with politicians, then rioted outside, hurling rocks, bottles, asbestos tubing and sticks at police. Teargas was used to quell one of the worst riots ever seen in the French South Pacific territory.

Ten people were arrested and detained and 19 police were injured, one seriously, during the day's incidents, officials said. The 250 rioters had broken away from a demonstration of over 4,000, mainly Europeans, protesting against a new Territory Administration dominated by pro-independence parties, and against reforms which Paris intends to impose by decree.

About 80 Right-wingers forced their way past police guards into the Territorial Assembly where members were discussing the reforms. Later, members of the minority Melanesian population, who would get land expropriated from whites under the reforms, clashed with some of the demonstrators.

A year ago New Caledonia was a peaceful French overseas territory with a population of just under 140,000—43.3 per cent Melanesian, 35.6 per cent European, 12.6 per cent French Polynesian and 8.5 per cent others, mostly Indonesians and Vietnamese.

The main island in the group has over 30 per cent of the world's known deposits of nickel. Although the price of nickel has been in the doldrums recently, Societe le Nickel, the main operator and processor, managed to export some about $300m (£173m) worth of it last year, accounting for 92 per cent of exports.

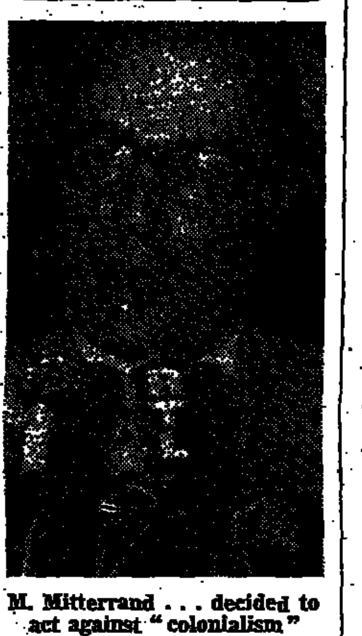
This abundance largely explains why the French have not bothered to develop a tourism industry. Earlier booms in the nickel price have resulted in a per capita income of £5,558, comparatively high for the area.

But all was not well politically. A number of Melanesian groups started to agitate for independence in the late 'sixties and by last year had a fairly coherent political organisation. The Independence Front of six parties held 14 seats in the 36-seat territorial assembly.

The Front's main concern is land reform. Just over 2,000 property owners hold 336,797 hectares of New Caledonian land. Cultivatable land is put at 210,000 hectares or 11 per cent of the total. It can safely be assumed that virtually every scrap of good land is held by the "grands blancs" white minority.

Mr Jean Marie Tjibaoul, leader of the Front, says: "We want an independent country based on our historic rights to the land. The Europeans are perfectly welcome to stay if they accept that we want to control our own destiny. We are not a racist movement, we want economic justice."

The murder last year of M Pierre de Clerq, a European leader of the independence movement, polarised the group and led to widespread demonstrations. At the same time the new Socialist Minister for Overseas Territories, M Henri Emmuelli, visited New Caledonia and was horrified at the "situation coloniale" he found.



M. Mitterrand . . . decided to act against "colonialism"

To the dismay of the white settlers, the Mitterrand Government decided to act, first passing a law allowing it to rule by special decree, so as to bypass the white-dominated Assembly.

Progress on land reform was speeded up, leading to yesterday's speeches to the mainly European crowd against the Socialist Government in Paris, the tyranny of the land reform programme and the treachery of President Mitterrand.

Many of the whites resent what has happened. M Pierre Lombard a hotel owner says: "There is no need for all this. The Melaneisians have a good education, are well fed and all have jobs. What would they do with the land anyway? They will do nothing. They will try and lease it back to you and me and have a lazy time."

It is clear, however, that the independence bandwagon has now started to roll. Mr Tjibaoul and his movement want independence by 1984.

Some would argue that M Mitterrand has defused the situation with his reforms. But others would say that he has merely increased expectations among the Melanesians and stoked up frustrations and fears among the Europeans. Either way, New Caledonia should be in for a lively two years.

Hanoi looks to profit motive for more food

By Jonathan Sharp in Bangkok

IT IS now 19 years since the lush paddyfields of Vietnam were able to produce enough surplus rice for export. The ravages of war are largely to blame for the subsequent short-falls, but seven years have passed since the Communists took over the whole country and it cannot yet produce enough of this staple to feed itself.

Last year, with the help of good weather, the country reaped a record crop of 15m tonnes, but still had to use desperately-needed foreign exchange to import 1.3m tonnes in order to achieve a barely adequate level of consumption.

Vo Tong Xuan, a professor of Agronomy in the Mekong Delta city of Can Tho, made it clear that the socialist system has been as much to blame as anything for Vietnam's failure to realise its food-producing potential. But he asserted that now, after years of experiment, the right mix of socialist ideals of collectivisation and plain old profit motive had finally been achieved.

Soon after the Communist takeover of the south, he said, the Vietnamese leadership exerted pressure to collectivise the Mekong Delta region along the lines of the country's second largest food producing region, the Red River delta in the north.

It was rapidly recognised, however, that the northern pattern simply did not work in the south; the farmers objected when they found that they were all paid much the same, irrespective of how hard they worked, and, with no incentive to increase production. They refused to produce more than was required for their own needs.

That experiment in collectivisation was hastily dropped, to be succeeded by the more flexible system now being introduced which, according to Professor Xuan, unashamedly panders to the profit motive.

The farmers can now sell on the free market any produce above an agreed quota that it supplied to the Government. In the case of one group of farmers near Can Tho this means about 40 per cent of the free market, which pays nearly three times as much as the Government does for rice.

This system, which Professor Xuan describes as being "not in the book of any other socialist country," was tried out in northern Vietnam last year. It is claimed to be the main reason for the region's 25 per cent increase in rice production.

These new ideas are not without their critics, particularly among leftist Vietnamese leaders who fear a dilution of socialist ideals. People such as Professor Xuan are counting on results in the form of higher productivity, to override any ideological objections.

The high-yield rice strains now being used have a low resistance to pests, and there is not enough pesticide to go round. Finally, the new strains are of lower quality than the old rice—but that is the least of Vietnam's problems. As Professor Xuan noted: "At this moment we just need to fill the stomach."

Mugabe urged to ban Zapu and arrest Nkomo

BY OUR HARARE CORRESPONDENT

THE PRESSURE on Mr Robert Mugabe's Zanu-PF Government to ban Mr Joshua Nkomo's minority Zapu party is again building up in Zimbabwe. Yesterday, the country's main newspaper, the Herald, which is controlled by the state-owned Mass Media Trust, urged the Government to both ban Zapu and "lock up the leadership."

The paper blamed Mr Nkomo's party for the activities of some 2,000 dissidents—mainly former Nkomo guerillas—in the Matabeleland area of Western Zimbabwe. It said also that last month's abortive small arms attack on the Prime Minister's residence was "tantamount to an attempted military coup."

The Herald's editorial concluded by asking whether the Mugabe Government was afraid to ban Zapu and arrest its leaders.

Recently, diplomats in Zimbabwe from both Western and non-aligned countries are understood to have urged caution on Mr Mugabe, warning him against intemperate moves against Mr Nkomo and Zapu.

But as pressure builds up within the Cabinet and in the powerful central committee of the ruling party, action against Mr Nkomo looks increasingly likely.

In the last week alone, three very powerful Cabinet Ministers—Dr Sekeramayi, Mr Munangagwa and Dr Ushewokunze—have all accused Zapu of being behind the current wave of violence.

Mr Mugabe may find the pressure difficult to resist.

ANC tries to head off Swaziland move

By Our Johannesburg Correspondent

MR OLIVER TAMBO, president of the African National Congress (ANC), the exiled South African nationalist movement, is to lead a delegation to Swaziland to try to dissuede the Swazi Government from accepting a transfer of territory and citizens from South Africa.

Mr Tambo, who was attending the Southern African Development Co-ordination Conference in Gabone as an observer, said the ANC very strongly opposed such a move, which would transfer to Swaziland most of the Kangwane bantustan, and part of Kwazul, giving the landlocked Swazi kingdom access to the sea.

He said the ANC would not be raising the matter yet at the Organisation of African Unity.

African development gets £505m boost

BY J. D. F. JONES IN GABERONE

THE Southern African Development Co-ordination Conference (SADCC) has now committed $870m (£505m) towards its list of 106 development projects in the nine-nation region, the annual summit meeting of the group heard here yesterday. This sum represents 37 per cent of the total cost of the projects. Work is under way on 48 of them, while another three have been completed.

Five heads of government attended the meeting—Presidents Masire of Botswana, Kaunda of Zambia, Machel of Mozambique and Nyerere of Tanzania. Mr Robert Mugabe, Prime Minister, represented Zimbabwe, and Angola, Lesotho, Malawi and Swaziland were represented by senior Ministers; it is likely that they will also discuss other matters, including their poistion on the Namibian negotiations.

Most of the development projects are in the field of transport and communications, which SADCC decided in 1980 must be the priority if the independent black states of southern Africa were to lessen their economic dependence on South Africa. Industry and agriculture have been selected as the focus of the next annual meeting with the donors countries.

Yesterday's meeting saw the introduction of a small SADCC secretariat, based in Gaberone, under the direction of a senior Zimbabwe diplomat, Mr Arthur Blumeris. The application of Zaire to join the nine-nation group was also considered by the leaders.

It is reliably understood that Zaire's approach is not likely to be favoured for the time being, but President Masire said in his opening speech that the SADCC looked forward to admitting an independent Namibia in 12 months' time.

AMERICAN NEWS

Canadian price ceiling challenged

TWO OF Canada's largest companies are likely to challenge the Federal Government' 6 per cent ceiling on price increases, writes Richard Mackie in Toronto. Air Canada and Bell Canada, both of Montreal, said rising costs would force them to exceed the guidelines for increases allowed to companies under the Federal Government's jurisdiction.

Air Canada said costs increased 15 per cent in the first five months of this year. Fares are still under consideration, it said, but the airline will probably need more than the 6 per cent Government's 6 per cent ceiling increases.

Bell Canada said it does not plan to alter its application for 25 per cent telephone rate increases.

Mexico reports trade surplus

Mexico registered a $381m (£219m) trade surplus in the first five months of 1982, reversing a $459m deficit for the same period last year, according to Ministry of Budget and Planning statistics, APDJ reports from Mexico City.

Paraguay bank fixes exchange rate

Paraguay's Central Bank fixed exchange rates for all imports and exports on Wednesday, eliminating the free-floating rate that had pertained to about half the country's foreign trade, AP reports from Asuncion.

Bank of London and South America

YESTERDAY'S article on the state of the Argentine economy reported wrongly that the Bank of London and South America (BOLSA) had suspended all operations for a day. The "Bolsa" referred to was the Buenos Aires stock exchange and not the Bank of London and South America. The error occurred during processing of the article in London.

The report also referred to the escrow account in New York for the payment of interest on Argentine foreign debt. Bankers in London stressed yesterday that they dispute the existence of such an account.

Panama plays old tune to new arrangement

The threat of a wider regional conflagration in Central America has added further impetus to resolve present areas of conflict. David Gardner, recently in Panama City, examines the latest peace initiative.

MINOR REPUBLICS the size of Panama (population 1.9m) are not usually expected to pursue an independent foreign policy, but simply to accommodate on the best terms available the regional designs of their most powerful neighbours.

Yet last month, Panama managed to arrange the first, and secret, "pre-negotiations" between the contending forces in El Salvador's bloody civil war. This is the most likely looking peace initiative to emerge since President Jimmy Carter's six-point peace plan for El Salvador of December 1980.

It is at the core of an ambitious plan aimed at resolving by negotiation the principal conflicts of the daily more volatile Central American and Caribbean region.

What sets this regional initiative apart from previous attempts to bring peace to the area is that it contains not a single original proposal. On the contrary, it is an attempt to synthesise into the basis for a negotiated consensus the declared policy aims of the principal regional powers (the U.S., Mexico, Cuba and Venezuela) and the Central American countries directly involved.

The three principal aims of the Panamanian proposals are to secure a system of non-aggression pacts between the Left-wing Sandinista Government in Nicaragua and the U.S., and between Nicaragua and its neighbours in the U.S.-backed Central American Democratic Community (Honduras, El Salvador, Costa Rica, and from July 6, Guatemala); to promote a negotiated solution to the Salvadorean civil war; and to open a process of detente between the U.S. and Cuba.

In essence, the Panamanian document differs little from proposals put forward by Mexico in February. What it does, however, is to draw a ring round the points of convergence in the stated policy aims of the countries in conflict.

Thus, point 6, for example, which seeks to guarantee the territorial sovereignty and frontiers of the Central American states, to prevent hostile armed groups using the territory of a neighbouring state as a sanctuary and to control the arms traffic which sustains them. This amalgamates Honduran, Panamanian and Mexican proposals with the Sandinistas' approach to Washington in February and the U.S. reply through Mr Anthony Quinton, its ambassador to Managua in April—the last-known major diplomatic contact between the two sides.

At a formal level, all this is very edifying. But it requires a convergence of — at the moment, sharply divergent — political wills if it is to succeed, coupled with a perception of what might happen if it doesn't.

It is already clear that last month's commitment of Honduran troops to cross-border action against the Salvadorean guerrillas in Morazan province, in a bid to relieve pressure on struggling U.S.-trained Salvadorean units, risks the possibility of a wider regional conflagration. Reports of clashes between Honduran and Sandinista forces inside Nicaragua — in addition to Honduran/U.S. patronage of some 5,000 former members of Somoza's National Guard on the Honduran border with Nicaragua — underlines this danger.

President Ronald Reagan, it was announced last week, is to seek an extra $60m in military aid over the next two years for the Honduran Government, parenthetically in civilian hands after nearly two decades of military rule. For their part, El Salvador's FMLN guerrillas have threatened to carry their war into Honduras, while Commander Daniel Ortega, effectively Nicaragua's head of state, said in Madrid last week that Managua would "be forced to support the Honduran guerrillas" if the attacks did not cease.

Panama has nonetheless made some headway with its initiative.

During the inauguration ceremonies for President Luis Alberto Monge of Costa Rica in San Jose in May, the Panamanians secured approval of a 14-point refinement of their proposals from the presidents of Venezuela, Colombia, Honduras and Costa Rica, a senior Sandinista representative and the Prime Minister of Belize.

Panamanian foreign policy planners — largely the same coterie of advisers assembled by the late General Omar Torrijos, the country's magnetic *caudillo* who died a year ago in a plane crash — are divided on the plan's chances of success. The optimists emphasise the shift in regional alliances that is beginning to emerge in the aftermath of the Falklands conflict.

Venezuela, for example, whose Christian Democrat President, Dr Luis Herrera Campins, had stood four-square behind Washington in its backing for the Christian Democrat/military junta of Sr Jose Napoleon Duarte in El Salvador and its attempts to isolate Cuba diplomatically, has given the plan strong support. Clearly this change of heart is not unconnected with Caracas' attempts to "recover" the Essequibo region of neighbouring Guyana which it claims as its own.

Cuba, the Panamanians believe, encouraged the FMLN to go ahead with its abortive "final offensive" against the San Salvador junta in January 1981 in order to strengthen its own position against the incoming Reagan Administration. The move backfired and, indeed, facilitated Washington's attempts to get Cuba ostracised in Latin America.

After its enthusiastic backing for Argentina over the Falklands, Cuba has been able to mend many regional diplomatic fences and is showing a new flexibility in the expectation of Latin American reinforcement of its attempts to "normalise" relations with Washington.

These sources also detect greater U.S. flexibility, particularly on El Salvador. This is mostly, it is believed, the product of U.S. anxiety to regain the standing it lost in Latin America through its support for Britain over the Falklands.

The pessimists, on the other hand, drawing on the same wide range of regional contacts as their colleagues, conclude that the Reagan Administration will not countenance any new coalition of centre-left, nationalist and Marxist forces in El Salvador on the Sandinista model, much less the destruction of another Central American regular army. But both groups agree that Washington is fast running out of options.

Despite the large quantity of armaments and the intensive training both in and by the U.S. that has been lavished on it, the Salvadorean army is still unable to make a significant impression on the guerrillas' operational capability. But the fact that the guerrillas are equally incapable of sustaining a successful offensive—coupled with Cuba's emerging moderation and a new sense of regional purpose—may tilt the balance slightly in favour of negotiations. The alternatives, of the conflict spreading through the region, or even of direct U.S. intervention, are, the Panamanians believe, unthinkable.

Panama in no sense feels itself immune from the consequences of a broadened conflict. Its 60 plus per cent service-based economy—which rests on the free transit of ships through its canal, of goods through its Colon free trade zone, the largest in the Western hemisphere, and of money through its booming offshore banking sector—is dependent to an unusual degree on the elusive concept of "confidence." The presence of 10,000 U.S. troops in the 14 Canal Zone bases of U.S. Southern Command may insulate the canal itself, but could equally become part of any such broader conflict.

"Imagine the effect of four well-placed bombs at the banking end of town," one senior foreign policy adviser to the Panamanian President, Dr Aristides Royo, said. Panama, one of the last, still-open negotiating channels in the Central American conflict, would rather not.

Lockheed wins backing for U.S. defence contract

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

LOCKHEED won a major victory over Boeing in the House of Representatives as the two air companies continue their fight for a lucrative contract to supply the U.S. Air Force with a new generation of large transport aircraft. The House voted 289-127 in favour of Lockheed's C5B, dismissing a proposal that would have substituted used Boeing 747s bought from commercial airlines.

The battle, however, is not yet over. In May the Senate voted for the 747—partly because it is cheaper and available earlier than the C5B, but also because the vote came in the wake of the Braniff bankruptcy and Senators thought the move would help ailing airlines. The issue must now be settled in a House-Senate conference committee.

As the House worked its way through the $177bn (£101bn) Defence Authorisation Bill for fiscal 1983, it also narrowly voted to begin building the controversial new intercontinental missile at a cost of $2.6bn next year, despite the fact that there has been no agreement yet on a basing system for it.

A coalition of liberals and fiscal conservatives lost, by 212 to 209, an amendment that would have delayed the MX by striking out the $1.14bn needed to build the first nine missiles.

Instead, the House, after intense administration lobbying, merely put a hold on $560m in basing and deployment funds until President Ronald Reagan decides on a basing system—a move he has said he will make by December.

The large new transport aircraft are to be an important element of the rapid deployment force, because of the need to be able to rush helicopters, tanks and other heavy equipment.

Lockheed's supporters argued that the C5B could carry larger equipment and land on dirt fields, whereas the 747 needed prepared runways.

Accepting these arguments, the House voted down an amendment which would have cut funds for the C5B by $450m and assigned $410m for commercially available cargo aircraft—meaning the 747.

U.S. offers leases on outer continental shelf

BY PAUL BETTS IN NEW YORK

NEARLY THE entire U.S. outer Continental shelf, about 1bn acres, will be available for oil and gas exploration during the next five years.

This follows final approval by Mr James Watt, U.S. Interior Secretary, of an accelerated programme of Federal offshore lease sales—the most extensive Federal leasing programme in U.S. history.

Mr Watt said the programme would be conducted under "stringent environmental safeguards" and was designed to "enhance the national security, provide jobs and protect the environment, while making America less dependent on foreign oil sources."

The U.S. oil industry had lobbied intensely for such a sweeping programme because it estimates that about 70 per cent of future U.S. discoveries of oil and gas should come from Federally controlled lands and about half of these are expected to come from the outer Continental shelf.

According to Shell Oil, these offshore discoveries could amount to a total of 35bn barrels of oil in new reserves and 115 trillion (million million) cubic feet of gas.

Under the new programme, a tract of the Beaufort Sea offshore Alaska is to be put up for lease sales in September.

Only President Ronald Reagan can block the five year programme. The President, who during the Presidential campaign said he intended to open up Federal lands to boost domestic exploration and eventual production, is very unlikely to oppose the programme.

Ecuador cuts crude oil price by $1.75 a barrel

BY SARITA KENDALL IN QUITO

CEPE, Ecuador's state oil corporation, has reduced its crude oil price from Opec's official $34.25 (£19.70) per barrel to $32.50. The new price was reached in negotiating crude sales for the third quarter of 1982 with long term buyers.

Perobras, Brazil's state-owned oil company, is to take 20,000 barrels a day at this price and three companies will buy 15,000 b/d each, covering most of Cepe's export production. However, recent spot sales are reported to have been made at about $31 a barrel.

Reuter adds: Cepe's statement was the first disclosure by a member of Opec of a price cut following the group's failure in Vienna on July 10 to clinch an agreement on output/

● Mexico will maintain its crude oil export prices at least through August "despite instability in the international market, which has become more pronounced in recent days," Pemex, the state petroleum monopoly, said yesterday, AP reports from Mexico.

Latin America co-operation urged

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

LATIN AMERICA'S hydro-electric, steel and cement industries will together invest nearly $14bn (£8bn) a year for the next few years and offer a buoyant market for the metal working industries of the region, said Sr Enrique Iglesias, executive secretary of the UN Economic Commission for Latin America, in a speech to the UN Economic and Social Council in Geneva.

Sr Iglesias, who painted a sombre picture of the region's economic problems, urged greater regional co-operation, the strengthening of the international financial institutions and the tempering of the region's anti-inflationary policies with a regard for job creation and the employment of unused recources.

Sr Iglesias said that the world recession had helped to cut Latin America's growth to 1.7 per cent last year (the lowest level since the last war), push up the balance of payments deficit to an estimated $38bn, double the existed disbursed external debt to almost $240m over the past $3\frac{1}{2}$ years and oblige countries to cut their investments and social expenditure.

There was, he added, a clear deterioration in the social condition of the region, with a drop in real wages and a notable increase in unemployment. Many businesses were in a critical situation due in part to the new phenomenon of high interest rates.

In the face of this gloomy situation the countries of the region were less able to cope with the problems than they were in the mid-1970s.

WORLD TRADE NEWS

Zimbabwe to bring back incentive scheme for exports

BY TONY HAWKINS IN HARARE

ZIMBABWE IS to reintroduce an export incentive scheme for industrialists. Announcing this in Bulawayo, Mr Simon Muzenda, Deputy Prime Minister, said details of the new scheme were at present being finalised and would be ready for implementing soon. A previous export incentive programme introduced by the Smith Government was abolished in the late 1970s.

While industrialists are pleased with the announcement, the feeling in other sectors is less sanguine. The mining industry, in particular, is under great pressure at present from depressed world market prices, escalating costs and what the industry believes to be an unrealistically strong exchange rate for the Zimbabwe dollar.

The announced export incentive scheme would seem to reduce the likelihood of Zimbabwe dollar devaluation in the near future since it is felt unlikely that manufacturing industry needs both export incentives and a more competitive exchange rate.

The Zimbabwe dollar has appreciated 20 per cent against the South African rand in the past year and this has made exports of Zimbabwean manufactures uncompetitive both in South Africa, and in third markets where Zimbabwe is competitive with South Africa.

The need for effective moves to improve the balance of payments is underlined by the latest estimates of the external payments situation. Last year's current account payments deficit is currently estimated at Z$420m (£316m), and last week a senior central bank official forecast a further 20 per cent rise in 1982.

Libya 'promising market' despite cashflow problem

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

DESPITE current cashflow problems, "Libya should still be regarded as one of the more promising markets in the Middle East." The Libyan import market "is bound to start moving again once the oil situation has stabilised."

This assessment of the Libyan market is contained in a special report on the Libyan development plan, 1981-85, just published by the Committee for Middle East Trade*.

Publication coincides with increasing concern among industrialised countries about the sluggish movement of Libyan payments for exports. Countries of the Organisation for Economic Co-operation and Development are said to be owed $2bn (£1.2bn) for Libyan sales.

At the same time, OECD statistics show that the monthly average value of Libyan imports of $1.1bn in the 1981 fourth quarter dropped to $697m in January this year.

COMET notes that Libyan imports last year were running substantially above budgeted levels—to the extent that Libya overtook Algeria as the major North African importer.

Since then, cutbacks have clearly been related to the slide in oil revenue, estimated at $15.7bn in 1981, compared with $22.6bn in 1980.

"Revenue prospects for 1982 are not much better, so long as the oil market continues to be so weak. On current export figures, oil revenues are unlikely to exceed $10bn," according to COMET.

Against this background to Libya's cashflow problems, COMET believes that Libya remains "a creditworthy country and should have little difficulty in securing external funding."

The problems have led to Libya seeking to expand barter trading arrangements while payments for imports have been delayed, but the delays, COMET believes, can be expected to be reduced "once oil revenues revert to a more stable base and project expenditure has been better equated with current earning power."

"Libya, The Five Year Development Plan, 1981-85; special report from the Committee for Middle East Trade, London: July 1982; £8.

The Soviet pipeline ban means one Clydebank company is in an unenviable position

Sanctions row puts a strain on John Brown

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE GROWING international dispute over the Reagan Administration's ban on the use of U.S. goods and technology for the 5,000 kms Siberia-West Europe gas pipeline has placed John Brown Engineering of Clydebank in a painful dilemma.

The company has a £104m contract to supply 21 turbines for the pipeline.

It is caught in an unenviable position between Soviet demands that the contract be fulfilled and the contrary demands of the U.S. sanctions policy which carries with it the possibility of internal American penalties if it does not comply.

The strain of this position is made more explicit by the fact that the UK Government, by use of the Protection of Trading Interests Act 1980 can forbid John Brown to comply with the U.S. requirements.

The strain may be the subject of comment today when the John Brown group announces its annual results. But its Clydebank engineering subsidiary is one of the most successful companies in the Glasgow area with £150m of orders this year.

The John Brown dilemma springs from its American connection. Like other turbine contractors in the pipeline project—AEG-Kanis of West Germany and Nuovo Pignone of Italy, producing respectively 47 and 57 turbines—John Brown manufactures General Electric turbines under licence from the U.S.

All three companies require the central rotor blades, the core of the turbine, to be supplied from GE factories in the U.S.

The Reagan Administration ordered a halt to deliveries of these parts last December. But last month the Administration went further and ordered a ban on the use of technology.

With delivery dates looming, furore over the U.S. moves has grown in Europe. Demands have been made for lifting the sanctions.

Italy, Germany, and now France, in an announcement yesterday, have specified plainly that the contracts will be honoured. The UK Government has taken the first step under the Protection of Trading Interests Act towards directing non-compliance with the sanctions.

The choice for John Brown, inasmuch as it has freedom of action, is essentially that of establishing how it will be hurt least.

Like the other companies involved it will face penalties if it does not fulfil its contract. Details of its Soviet arrangement have never been fully disclosed, but it is likely that it would at the very least lose a performance bond, probably posted at the time the Soviet Union made a first down payment.

Such bonds are often the equivalent of 5 per cent of a contract. There might also be further financial sanctions for non-performance of the contract, although much would depend on definitions of force majeure.

The matter would have become more urgent because of the shipment schedules. The first turbine deliveries were due in mid-summer.

Sir John Mayhew-Sanders, chairman of the John Brown group, visited Moscow at the beginning of the month. At that time he may have negotiated a rolling back of the first delivery date from July to August.

At the moment, John Brown has six of the turbines ready for delivery. They are equipped with rotor blades shipped from the U.S. before last December. One is being tested in West Germany.

But there is some doubt about whether John Brown would go ahead with delivery of these six turbines if it could not fulfil the rest of its order.

The effect of failure to perform on the company's contracts with the Soviet Union are not at this stage calculable. But the company would at least run the risk of severing a link with a market it has served since before the Bolshevik Revolution.

On the other hand, these factors have to be weighed against the possibility of U.S. reprisals if it breaks the Reagan Administration sanctions.

These reprisals could involve fines on John Brown associates in the U.S., an effective bar on John Brown executives going to the U.S. and eventually the blacklisting of the company in the U.S.

Such reprisals could affect the supply of GE rotor blades the company needs to meet orders in other parts of the world. There are £150m of contracts demanding delivery of turbines this year to Abu Dhabi, Oman, Iraq and Papua New Guinea.

The loss of this business would have dire consequences for the company's plant and its 1700-strong workforce.

At the same time U.S. action against the company might affect its expansion programme for the development of a new high efficiency gas turbine, a 110 MW, Frame 9 machine.

Either way, then, bowing to the Soviet Union or bowing to the U.S. John Brown could face considerable hardship. If the British Government does invoke the Protection of Trading Interests Act, then John Brown would be forced to face east.

This raises two questions. The first relates to the way the UK Government will come down, and second, in the event of non-compliance with the U.S. sanctions, relates to the way in which the Reagan Administration will react.

It is unlikely that the British Government would press through measures which would damage a company it was trying to protect. At the same time, however, the Government does not have exactly the same interests as John Brown.

The Government could choose to make a stand on principle: that the U.S. action is wrong because it is a direct interference with UK economic and political policy and, therefore, should be resisted, by use of the Protection of Trading Interests Act, whatever the cost.

But it would be easier for the Government to stand on principle if it could make a reasonably sure estimate that the Reagan Administration would not seek reprisals against John Brown for non-compliance with its requirements.

This in turn would involve the Reagan Administration in making a calculation that it might be easier to ignore infringement of its sanctions policy than to cope with the political difficulties in Europe which would result from reprisals.

John Brown is not alone, nor is the UK Government alone in its opposition to U.S. policy.

Taiwan and Japan to improve trade ties

TAIPEI—In an effort to quell Taiwan's irritation over growing trade deficits with Japan, a Japanese mission has agreed to reduce tariffs on imports of Taiwanese electric goods and increase quotas on agricultural imports.

At the same time, Mr Chao Yao-Tung, Taiwanese Economic Minister, has indicated Taiwan is ready to lift a ban on imports of more than 1,500 Japanese commodities.

Mr Chao dropped the hint when he met Mr Masumi Esaki, former Japanese Minister of International Trade and Industry, who is leading a trade mission of the ruling Liberal - Democratic party's special committee on international economic relations.

When Mr Esaki requested the removal of the ban, Mr Chao said he would consider the matter with sincerity. His statement indicated that Taiwan would announce the lifting of the ban when Mr Esaki confers with Premier Sun Yun-Suan during his visit.

The Japanese move included agreement to provide technical aid to improve Taiwan's industrial infrastructure.

The Japanese delegation consented to Taiwan's request for encouraging Japanese businessmen to invest in Taiwan on the manufacturing of electronics products for exports to Japan.

The mission acceded in principle to Taiwan's request for preferential treatment for some 34 Taiwan-made sports and electronic products, and would consider removing some non-customs obstacles, such as quotas, on several other kinds of products, Mr Wang said.

The Esaki mission has taken place after Taiwan imposed import restrictions on 1,533 Japanese consumer goods in February as retaliation for Japan's being unresponsive to Taiwan's call for reduction of the trade imbalance.

It is not known immediately how much the Japanese would buy from Taiwan to narrow the trade gap.

However, Mr Esaki and the Taiwanese leaders did not discuss matters related to a proposed Japan-Taiwan venture jointly to produce automobiles in Taiwan.

Agencies

Progress on MFA import deals

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission's textiles negotiators have begun to make progress in their attempts to conclude satisfactory import deals under the Multi-fibres Arrangement (MFA), even though a considerable body of textile exporting countries has opted for unscheduled second-round talks in the autumn.

Some 11 countries have now accepted the terms of four-year bilateral textiles deals with the EEC, which marks an advance on the 8-10 countries that Brussels had until lately expected to have concluded negotiations with before the current round of talks ends at the close of this month.

The countries that have lately indicated their willingness to sign bilateral deals include Czechoslovakia, Bangladesh, Bulgaria, Haiti and Tunisia. Textile exporting nations that had by earlier this month signalled agreements numbered Sri Lanka, Pakistan, Peru, Uruguay, Poland and Thailand.

The 1982-86 MFA world textiles trading agreement in which the EEC is the major importing partner, nevertheless groups 28 different exporting nations.

The Brussels Commission still faces its most arduous negotiations during September and October with governments that to date have militantly resisted the EEC's attempts to impose restrictive MFA bilateral deals on them.

The most notable militants are Hong Kong, South Korea, India, Malaysia, the Philippines and Singapore, all of which have so far refused to accept the EEC's proposed tough import cuts.

Hungary and Romania are also due to take part in second round negotiations in Brussels during the autumn.

● A provisional EEC anti-dumping duty has been imposed by the European Commission on photographic enlargers originating in the Soviet Union and Poland.

The decision to move against the Soviet and Polish equipment follows a dumping investigation launched in August 1981 following a complaint lodged with Brussels by the European Federation of Precision, Mechanical and Optical Industries (Eurom), which represents almost all the EEC's producers of photographic enlargers.

Boeing leads U.S. export sales for third year

NEW YORK — The Boeing Company, with export sales of $6.11bn (£3.6bn) was the largest U.S. exporter in 1981 for the third straight year, according to Fortune Magazine, the monthly business publication.

General Motors was second with $5.73bn in sales, followed by General Electric $4.35bn Ford Motors $3.74bn and Caterpillar Tractor $3.51bn. All held the same positions as in 1980, Fortune said in its current issue.

The top 50 exporters' combined sales to foreign customers, including their own foreign units, rose to $63bn in 1981 from $57bn in 1980, amounting to more than 25 per cent of all U.S. merchandise sold outside the U.S.

But when adjusted for inflation, their exports were virtually unchanged in 1981.

Also, the strong U.S. dollar continues adversely to affect the exporters' results, the magazine said.

● Aeromexico has ordered four more Super-80 jetliners for delivery later in 1982 to add to the four already in service.

The advanced - technology Super-80s, each seating 155 passengers in a single-class cabin, will be used on major domestic routes within Mexico, and on important routes connecting with U.S. cities near the border with Mexico.

Sr Enrique Loaeza, director-general of Aeromexico, said the Super-80s were ordered "to satisfy the growing demand in both Mexico and international markets."

Agencies

UK NEWS

Price policy plea from water authority

By Arthur Smith, Midlands Correspondent

THE WATER industry should not be used as a convenient tax gatherer for the government, Mr Colin McMillan, finance director of the Severn-Trent Water Authority, said yesterday.

He maintained that under the recently-introduced method of accounting the government had the ability to push up prices in a water industry that enjoyed "an almost perfect monopoly." Such a policy would reduce the needs for water authorities to make external borrowings and create a fall in the public sector borrowing requirement.

Mr McMillan, who chairs a steering committee advising the national industry on finance, said the government should make clear its long term policy for the pricing of water.

Mr McMillan was speaking after reporting to his authority what, under the accounting method traditionally used in the industry, would have been a profit of £30.7m for the year to last April (1982). That profit becomes a loss of £40.3m under the current cost accounting system imposed on the water authorities from last year.

Water authorities are now required to budget for eventual replacement of assets not on historic but current cost valuations. For Severn-Trent that meant a cost depreciation £35.6m higher at £95.7m.

In addition to the changed measure of depreciation, water authorities are set a financial target. Mr McMillan said that initially the financial target—covering the three years to April 1984—had been set so that the costs to be recovered in charges to customers were not materially greater than those which would have applied under the traditional method of accounting.

But he warned that the Government was likely to press for higher financial targets in an effort to ensure that future charges reflected what it regarded as "the true economic cost of the resources used."

He complained the new accounting method gave little control over the level of charges to authorities like Severn-Trent — the second largest water authority covering 21,000 sq kilometres and 8.1m people.

"Only the operating costs are under our control because the amount put aside for replacing assets and the financial targets are set by the Government," Mr McMillan said.

Operating costs accounted for only just over half Severn-Trent costs. "So any cost savings made by improved efficiency or manpower cuts can be wiped away by a simple change to the financial target," he said.

The Government has until next autumn to work out, in consultation with the industry, the new financial targets.

Mr McMillan stressed that the Government must face up to the fact that it would be the main influence on determining the price of water: "It is no use sheltering behind the water authorities. The Government must come clean and state its policy."

Scheme for private steel industry aid meets poor response

BY MARK WEBSTER

THE GOVERNMENT has had a "very disappointing" response to its £22m scheme for helping the hard-pressed UK private steel producers to restructure and cut their capacity.

"There had been a slow reaction to the offer, launched in December last year, according to a senior official, who noted that the deadline for applications was only two months away.

So far, he said, some 20 companies had put forward serious proposals while a dozen others were still in discussion with the Department of Industry.

The British Independent Steel Producers' Association, which represents most of over 100 private sector producers, said there had been difficulties because its members preferred to modernise their existing plant and increase productivity rather than close down.

The scheme, which comes under Section Eight of the 1972 Industry Act, provides a grant of up to 25 per cent of the capital costs of restructuring and also guarantees 85 per cent of the statutory redundancy pay and a maximum contribution of £500 towards severance payments.

The Department of Industry said a number of companies had simply wanted to cut their workforce without tackling the issue of overall capacity. But only four applications had actually been turned down.

One of the biggest problems the industry has faced in restructuring is that, while most companies recognise the need to cut capacity, they all believe someone else should close.

A major producer of bright bar commented: "A lot of people are going to regret that they didn't set up a self-help scheme because the job will only be half done and some will have to go bust."

Under the self-help schemes, companies prepared to close down would have received help from the other businesses in the sector which remained in operation as well as a 25 per cent Government grant towards the cost of closure. The only one agreed so far is in a small segment of the steel castings sector.

The British Independent Steel Producers' Association said that one weakness of the Government aid scheme was the low level of grant available. Companies already in economic difficulties had to find 75 per cent of the funds needed for restructuring.

The Department of Industry believed, however, that any increase in the level of grant they were offered would not have sufficed to encourage more applications.

The most successful applications under the scheme have been those companies which have abandoned some of their volume business to concentrate on specialist areas, for example the Sheffield-based Arthur Lee group.

Lee announced in March that it would halt production of mild steel strip and cut its labour force while concentrating on the production of special quality stainless and carbon steel strip.

Three UK steel companies which might have benefited from the scheme if it had been instituted earlier are Duport, Aurora and Johnson and Firth Brown. Duport shows extraordinary losses of some £44m for 1981, largely because of the closure of its Llanelli steel works.

Johnson and Firth Brown clocked up a total of £10.5m for "terminal and rationalisation costs of subsidiaries" in 1980 and 1981. Aurora's subsidiary, Aurora Steels, showed total extraordinary losses of £6.9m for the two years up to September 1981.

Although the Independent Steel Producers' Association is keen that the September 30 deadline should be extended, the Department of Industry is reluctant to do so. An extension on any products covered by the Treaty of Paris would need the approval of the European Commission.

The scheme has been criticised in some quarters as "too little too late," but BISPA said: "£22m is not peanuts but it has to be applied in the right places."

BT optical fibre telephone link opens

By Guy de Jonquieres

BRITISH TELECOM (BT) yesterday inaugurated a 204 km optical fibre trunk circuit between London and Birmingham which, it claimed, was the longest of its kind in the world.

The circuit, supplied by BICC and Plessey, can carry 480 simultaneous telephone calls, and its capacity is due to be expanded almost tenfold next year. It will supplement the existing copper coaxial telephone cable linking the two cities.

Optical fibres are hair-thin strands of glass which carry both voice and computer data communications as pulses of light. They are more efficient and reliable than copper cable and transmit a higher quality signal.

Sir George Jefferson, BT's chairman, said yesterday that by 1990 about half of Britain's 20,000 km of trunk circuits would have been rewired with optical fibre. The first trans-Atlantic optical fibre cable is also expected to be in use by then.

However, BT's claim to world leadership may prove short-lived. In the U.S., American Telephone and Telegraph is due next year to open the first stretch of an optical fibre cable between Boston and Washington, which will carry 80,000 simultaneous calls.

In Canada the province of Saskatchewan is to install a network several thousand kilometres long.

BT is particularly eager to emphasise its cable resources. It is lobbying hard for a major role in the scheme to wire Britain with cable television networks. The Government is due to make major policy decisions in this area later this year.

BL reopens capital loss tax debate

BY JOHN UNDERHILL, TAXATION CORRESPONDENT

USING someone else's tax losses to avoid paying your own tax is an attractive form of tax planning. How successful it might be is another matter.

It emerged last weekend that British Leyland and possibly other nationalised industries have been indulging in what they claim are perfectly legal arrangements to use up their huge tax losses. These tax losses result from current trading and from investment in plant and machinery which create surplus capital allowances. They are of no immediate value, unless used by a third party who pays something for their use.

The arrangements may work like this: a group of companies unconnected with BL have an asset (such as a property) which they wish to sell to a third party. If they sold it directly a substantial capital gain would arise. By making use of BL's losses to shelter the capital gain, the asset is sold to the third party at the same market price but the disposing group does not incur any tax.

The way in which this is done has not been disclosed, but BL and British Steel have stressed they have not engaged in transactions which would be outside the law. Nevertheless, it is not known whether the Inland Revenue has given its blessing to the arrangements. It is possible that the revenue may raise a number of essentially technical arguments to challenge the scheme.

Alternatively, it could claim that the whole series of arrangements were a sham, relying on the precedent set in the Ramsay case. This decided that a series of circular transactions without commercial justification can be ignored for tax purposes. No doubt leading legal advice was taken on this and other possible technical objections, but the matter may yet have to be decided by the courts.

The whole question of offsetting losses against potential capital gains has been much in tax advisers' minds in recent years. Alone among tax losses, capital losses cannot be transferred between group companies.

This led to a ready market for bought-in companies with capital losses through which the asset was sold. But when the Inland Revenue made it clear last year that they regarded the Ramsay decision as applying to such transactions the market for capital loss companies dries up.

The BL scheme has reopened the issue. How much tax has been avoided and whether many other loss-making companies outside the public sector have been taking advantage of the scheme will probably never be known. But it does not take many transactions for losses of many millions of pounds to be absorbed and tax at 30 per cent lost.

The survival of the scheme must now be in doubt.

New technology speed-up call to industry

BY LYNTON McLAIN

BRITISH INDUSTRY should speed-up the introduction of new technology to compete in an "international race," to market new products, processes and services, leaders of Britain's top high technology companies urged yesterday.

"It is a race Britain cannot afford to lose," Sir Austin Bide, chairman of Glaxo and of the research and technology committee of the Confederation of British Industry, said at the launch of a CBI report on putting technology to work.

The report said Britain was as strongly placed as its competitors in many technologies, which gave "ample opportunities for new business if daunting obstacles in national attitudes" could be overcome.

Obstacles and shortcomings in the "British system" which slowed down innovation included:

- Resistance to change on the part of many professional, educational and financial institutions.
- Poor understanding of science, technology and industry.
- Lack of an industrial forum to develop industrial policies and objectives.
- Difficulties in raising risk capital for technology-based investment.
- Shortages of qualified engineers, technologists and technicians for design, development and production.

Few obstacles to the successful development of new technology were themselves scientific or technological and the committee was optimistic about recent developments which could improve Britain's chances of making progress in new technology.

Several improvements in practical terms had occurred since the CBI's reports on innovation and industry in 1979 and last year, Sir Austin said. Not the least was the growing interest in financial circles in support for technology.

Other positive developments included the many centres of excellence in science and technology now well-established in universities, industry and in Government laboratories.

"Fruitful links" were also developing between industry and academic scientists and "science parks" had become established to bring together all elements favourable to innovation.

Co-operation on basic research and development was expanding through "technology clubs" often led by Government laboratories or research associations.

The report also recognised the concern felt by industrial employees about the impact of technological change on jobs. Some job losses could be offset by the creation of others because of demand for new technology products or services.

Sir Austin suggested, however, that Britain's decline as a trading nation and the subsequent loss of jobs should not be attributed to technological change, "but to poor collective management of it at all levels of society."

The committee looked at broad areas of technology, including microelectronics, biotechnology and information technology. Two of the "most highly promising areas," advanced optics and fibre-reinforced composite materials, were studied in the report in detail.

The broad conclusion was that in these areas opportunities were plentiful.

"Technology—putting it to work," £5 from CBI Publication Sales, Centre Point, 103, New Oxford Street, London, WC1A 1DU.

Engineering sales upturn

BY MARK WEBSTER

UK ENGINEERING sales and new orders showed an upturn in the three months to April this year, according to the latest figures from the Department of Industry.

But sales and orders for British machine tools continued their steady decline, resulting in a further contraction of an already depleted order book.

Engineering sales were raised by a slight improvement in the stagnant home market and a 4 per cent increase in export sales. New export orders were markedly better than in the depressed period at the turn of the year. But they did not match the high level of last autumn.

The figures give grounds for cautious optimism in the engineering sector with total sales in the three months to April higher by 4 per cent and new orders during the same period up by 8 per cent.

On the other hand, there is little cause for optimism in the machine tool industry with total sales of metal-working machines down 5.5 per cent in the February-to-April period.

On a seasonally adjusted basis, new orders have been low since the start of the year and the trend is towards a further steady decline.

The export market has shown a particularly sharp decline with new orders down 38.5 per cent on the latest three monthly period compared with the previous quarter. Export sales were down 9.5 per cent.

British Shipbuilders loss within limit at £19.8m

Andrew Fisher, Shipping Correspondent, looks at shipyard prospects in a climate of recession.

BRITISH SHIPBUILDERS had a trading deficit of £19.8m, within the £25m loss limit set by the Government in the year ending on March 31.

Difficulties over a contract repayment; bad weather; and industrial action prevented the nationalised corporation's breaking even.

Losses were much reduced. The deficit compared with £41.4m the year before and £110m in 1979-80.

Its target for 1982-83 is £10m. This, said Mr Robert Atkinson, the chairman, yesterday would be a hard one with shipping markets in recession. "But we'll have a good shot at it."

The group needs more orders to keep shipyards going with work through the mid-1980s. The merchant order book at end-May was worth £708m compared with £408m a year before, much for export.

Mr Norman Lamont, the Industry Minister, welcomed the result, calling it "a highly creditable performance in a year of generally difficult trading conditions."

The trading loss was struck after crediting nearly £47m of intervention fund money, provided as a subsidy by the Government to balance building costs with low prices of competing yards in the Far East.

Pre-tax loss was down to £13.8m from £37m. After various restructuring costs, including redundancies and closures—£1.4m against £10.2m—final loss was £15.3m (£32.3m).

BS would not say to what the £9.5m provision against default on a contract repayment referred.

Industrial action over the closure of the Caledon Yard in Scotland cost about £8m, said BS.

Without that, the weather, and the provision, said Mr Atkinson, "we'd have been very near break-even point."

The corporation pushed up capital spending in 1981-82 from £17m to £37m, and said it had a long-term investment plan to maintain improvement in production.

Borrowings rose in the year from £408m to £514m, the authorised limit from £500m to £700m. This included £453m of public dividend capital from the Government, a rise of £107m.

A note in the accounts said that work in progress figures included vessels with a cost, net of provisions for losses, of £38m "on which there is uncertainty as to whether the group will be able to meet significant contractual obligations." It gave no more details.

A breakdown of the trading figures shows an overall loss for the merchant shipbuilding division of £36m, little changed from the previous year, with a profit of £38.6m (£32.2m) on warship building. Offshore and engineering division losses were down sharply.

The ship repair division where BS plans large cuts to stem heavy losses, had a higher trading deficit of £9.5m, against £7.3m. If BS gets a major U.S. ship conversion order from Delta worth almost £40m, it will need to shed less labour.

It is pressing the Government to speed ordering of frigates, destroyers and submarines to maintain continuity of work at naval building yards, where warship work totals £1.5bn.

As well as normal replacement orders it wants to know about orders to replace naval vessels lost in the Falklands.

LONDON TO BIRMINGHAM AT THE SPEED OF LIGHT ON PAGE 13

Welsh record for advance factory completions

BY ROBIN REEVES, WELSH CORRESPONDENT

ADVANCE factory completions and lettings by the Welsh Development Agency broke all records in the 1981-82 financial year, according to the agency's annual report published yesterday.

A total of 456 advance factories or 2.48m sq ft of new industrial space, was added to the agency's stock of industrial premises, some 80 per cent of the completions being in Shotton, Port Talbot and Llanwern where steel works had closed.

This was more factory space that the WDA completed in the whole of the first five years of its operations. It reflected the special help given to offset the loss of more than 20,000 steel jobs at these three centres during 1980: and it brings the agency's property portfolio to 19.7m sq ft.

In spite of the continuing recession, new tenants were found for a record 218 factories during the year—double the lettings in 1980-81—and these could provide some 5,100 new jobs at the end of three years. A further 600 jobs are promised in purpose-built factories handed over by the agency to industrial occupiers.

Expenditure by the agency in 1981-82 totalled £93m, of which £74m was Government grant-in-aid. As well as factory development, the WDA also spent £10.6m on further derelict land reclamation and made direct investments totalling £2.6m to help Welsh companies.

Mr Ian Gray, managing director, stressed yesterday that the rate of lettings was more than maintained in the first quarter of the current financial year. Aided by last year's £1.6m promotional programme, another 76 factories had been allocated since April to companies promising a further 1,800 jobs. This pointed to some 7,000 new jobs being lined up during the current year, Mr Gray said.

Having now built more than 1,000 new factories since it was established in 1976, and with its stock of vacant factory space up to 15.2 per cent of the total portfolio, the agency now intends to slow down the rate of new building and step up the search for investment opportunities. To this end, the response to its recently-launched venture capital subsidiary, Hafren Investment Finance, had been very encouraging, Mr Gray added.

The WDA's direct investment of £2.6m last year was in 56 companies, and about 40 per cent of the finance was towards new enterprises. A further 67 applicants for investment backing received over £1m from clearing banks.

On the other hand, 18 companies in which the WDA had investments totalling £1.3m ceased trading, or went into receivership or liquidation. About 26 per cent of these funds, it is expected, will be recovered.

● A £175,000 investment package by the WDA has saved jobs for a tenth of the workforce at the Avon rubber plant at Bridgend, mid-Glamorgan, which was due to close.

The plant, which traditionally supplied rubber to the declining tyre, remould and inner tube market, had 270 employees, and 27 will now be retained to work for a newly-formed company. This is Avonride, set up by a management team, with the agency's help.

Two-earner families boost

EARNINGS by married women rather than increases in child benefit have enabled families with children to keep pace with living standards of childless couples, says a report by Mr David Piachaud, of the London School of Economics.

He said the most important change in economic circumstances of families since the war was not in benefits for children but in growth of two-earner families.

Pesticide threat to Third World

By Lisa Wood

BRITAIN is a leading exporter of pesticides which can prove dangerous in Third World countries where safety restrictions are non-existent or unenforced, it was claimed yesterday.

Up to 375,000 people in the Third World are accidentally poisoned by pesticides each year, with an estimated 10,000 deaths, said Mr David Bull, author of A Growing Problem—Pesticides and the Third World Poor, published by Oxfam.

Mr Bull, who conducted field research in Sri Lanka, Southern India and Malaysia, said there was no point in comparing use of pesticides against their total abolition. The comparison was rather between indiscriminate use and safe minimum use.

Studies showed that farmers often applied 40 per cent more pesticides than they needed and that losses from pests may need to be as high as 20 per cent before it paid to use pesticides at all.

In 1978 in Sri Lanka alone, 15,504 people were admitted to government hospitals with pesticide poisoning, of whom 1,029 died, said Mr Bull.

A Growing Problem—Pesticides and the Third World Poor; Oxfam.

Jason Crisp looks at the Post Office's £96.2m profit

The money that came in the mail

THE POST OFFICE'S sharply increased profits came mainly from its mail business. National Girobank's profits was also up but there was a small loss on postal orders.

In the first year in which the Post Office was completely independent of British Telecom, profits rose to £96.2m for the year ending March 1982 compared with £23.4m the previous year. (For the first time the main accounts are prepared under the current cost accounting system.)

Current cost profits for post were £91.6m on a turnover of £2.44bn. The previous year's profits were £27.1m. The Government target is 2 per cent of turnover, which would be £50m.

The volume of mail did not fall as much as expected in the recession. First-class letters fell 1.2 per cent; second-class rose 0.2 per cent. Productivity in the mail operation rose 3.3 per cent.

Mr Ron Dearing, chairman of the Post Office, said yesterday he hoped to achieve a further 2 per cent increase in productivity this year.

Half the postal workers are in a voluntary productivity scheme introduced 18 months ago which reduces overtime but gives them a cash bonus of between £5 and £15.

Although the Post Office is trying to keep mail price increases within inflation, they have risen slightly in real terms over the past three years. In real terms postal prices are 55 per cent above 1970, although they are still below 1976 levels according to an inflation-adjusted tariff index.

Counter business rose 3 per cent last year as the Post Office offered more services to compensate for reductions in government business the effects of which have yet to be fully felt.

Girobank profits jumped just over £5m to £8.2m (£11.6m on an historic cost basis) on a turnover of £177m. Girobank had a net growth in personal current accounts of 15 per cent and now has more than 1m customers.

The number of postal orders sold fell to 89m from 119m the previous year. A £3.7m charge following a reassessment of the overseas liability for postal orders resulted in a loss of £3.6m.

£57bn handled and 9.3bn letters delivered

THE POST OFFICE delivered 9.3bn letters to 22.4m homes and workplaces in the year to March 1982. And in the 12 months it handled £57bn in cash at over 20,000 post offices around the country, dealing in everything from premium bonds and postal orders to pensions.

Each week 27m customers are served over postal counters and in a year it conducts 2.3bn transactions, including selling stamps, motor vehicle licences British visitors' passports, TV licences, Girobank and child benefits.

The Post Office employs 178,038 people (3,146 fewer than last year) including 4,021 in its central headquarters and a further 3,504 in its regional head offices. It employs 20,832 sub-postmasters on an agency basis. The employees worked 52.5m hours including 4.4m hours overtime. Pay, pensions and social security contributions cost £1.8bn, which is about 75 per cent of its £2.4bn turnover.

The Post Office's 28,000 motor vehicles travelled 318m miles—approximately equivalent to going to the moon and back 660 times.

Its delivery performance was better than last year but still not as good as it once was. Excluding January and February, when it was affected by the Aslef train strikes, 88 per cent of first class mail was delivered the next day and 93.3 per cent of second class mail was delivered the third working day after collection. Government targets are 90 per cent and 96 per cent respectively.

During the rail strike the Post Office chartered 20 additional air services and made extensive use of its fleet of road vehicles. Normally, 70 per cent of letters and 60 per cent of parcels are carried by British Rail.

The Post Office carried 174.6m parcels, up 7 per cent on the previous year. It carried nearly 31m registered letters, down 10 per cent, and 27.2m recorded deliveries, about the same.

Britons sent fewer letters and parcels overseas and we received fewer back as well. Within Britain, 49 per cent of us remembered our postcodes which was a little bit better than last year (47 per cent).

The Post Office made eight special stamp issues, featuring subjects from butterflies to the anniversary of Charles Darwin. The Royal Wedding stamps were the most successful.

Travel agent refused order against ABTA

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH COURT JUDGE recoiled from the prospect of scores of untrained high-pressure salesmen roaming the country trying to sell holidays to people on their doorsteps.

Mr Justice Walton was hearing a travel company's complaint that the Association of British Travel Agents was unlawfully preventing it employing 1,000 door-to-door travel salesmen.

Exchange Travel objected to an amendment to one of ABTA's rules that required outside sales representatives of member travel agents to have had at least two years' experience in a travel agency.

Exchange contended that the amendment amounted to an unlawful restraint of trade.

Refusing to grant an injunction to stopping ABTA from enforcing the rule, the judge said that Exchange's scheme was to employ outside salesmen on commission after giving them a crash training course. Because of the recession it had been able to get a better type of person than usual.

ABTA, which set out to regulate the tarvel agency scene in the interests of its members and the pulbic was, by its nature, restrictive.

On the face of it, the amendment was a restraint of trade; but it could be upheld by the court if it was not against the public interest, the judge said.

It might be that ABTA's two-year stipulation was "overkill," but, given the geerally low image of travel agecy employees, two years' practical experience did not seem to him to be asking too much.

The amendment had heen accepted by the vast body of ABTA members and he did not think it right to let Exchange "pick and choose" among ABTA's rules. Exchange could always leave the association if it did not like the rules, he said.

It would be best to maintain the status quo—which was that there were no high-pressure salesmen roarming the country.

He added that if an injunction were granted to Exchange, the door would also be open "to every Tom, Dick and Harry to flood the country" with salesmen without any training at all.

Faced with that possibility, which clearly would not be in the public interest, the judge said, he felt he should leave Exchange to seek damages from ABTA.

Joint £2m venture on PET bottle production

BY MAURICE SAMUELSON

TWO leading packaging companies from Britain and Sweden are to work together to improve production of PET bottles, the rigid plastic containers which are increasingly competing with glass bottles and cans.

Metal Box of Britain and PLM of Malmo, Sweden, are setting up a £2m company to develop an advanced method of producing containers from PET (polyethylene teraphthalate) which they hope to complete in two years.

Metal Box is one of a number of companies in the UK already producing PET bottles for the soft drinks, beer, mineral water and edible oils markets.

The joint programme suggests that the Swedish company may have revised its earlier doubts about PET. At one time, it produced PET bottles, brand-named Strongpac, at a factory at Corby, Northants, but sold its interest to Fibrenyle, part of Mardon Packaging International, Britain's second biggest packaging company.

Metal Box's claim that PET is "the most rapidly growing packaging material" appears to be borne out by industry forecasts that 300m PET containers will be sold in Britain this year, compared with 180m last year and a mere 25m units in 1978 when they were first introduced here.

At present, PET bottles in Britain are being sold only in larger sizes, such as 1, 1½ and 2 litres.

But major soft drinks manufacturers are interested in using PET to replace ½ litre containers of metal and glass. In the U.S. this year, the ½ litre PET bottle is starting to compete with the 16 oz glass bottle. However, the main drawbacks of these smaller PET bottles for carbonated beverages is that they have a relatively shorter shelf life than the same size glass bottles.

Recession and weather hit historic buildings

BY JAMES McDONALD

THE economic recession, fewer foreign tourists, bad weather and higher admission prices combined to reduce revenue at historic buildings in England by 4 per cent last year. Admissions fell by 10 per cent from 1980 levels.

It was a bad year for English sightseeing attractions, with admissions to a total of 1,254 sites dropping by 8 per cent, according to a survey by the English Tourist Board.

There have, however, been signs of a recovery this year. Paid admissions to National Trust properties in the first five months of 1982 rose by 9 per cent compared with the same period last year.

Average admission charges rose by 25 per cent at Department of Environment and National Trust properties and paid admissions fell by 16 per cent and 12 per cent respectively.

This summer, the average admission price to historic buildings is 72p, an increase of 11 per cent, "which is much closer to the rate of inflation than the large increase last year," the board says.

The survey, The English Heritage Monitor, says that historic building owners blamed the economic recession for the fall in visits last year. "Other factors were the bad weather, fewer foreign tourists, the increase in petrol prices and higher admission charges."

Some historic buildings did well. Croxteth Hall, Merseyside, improved its admission by 30 per cent to just over 200,000 by improved marketing. Quarry Bank Mill, Cheshire, showed a 28 per cent increase.

The English Heritage Monitor 1982, Department D, English Tourist Board, 4 Grosvenor Gardens, London, SW1.

هكذا من الاصل

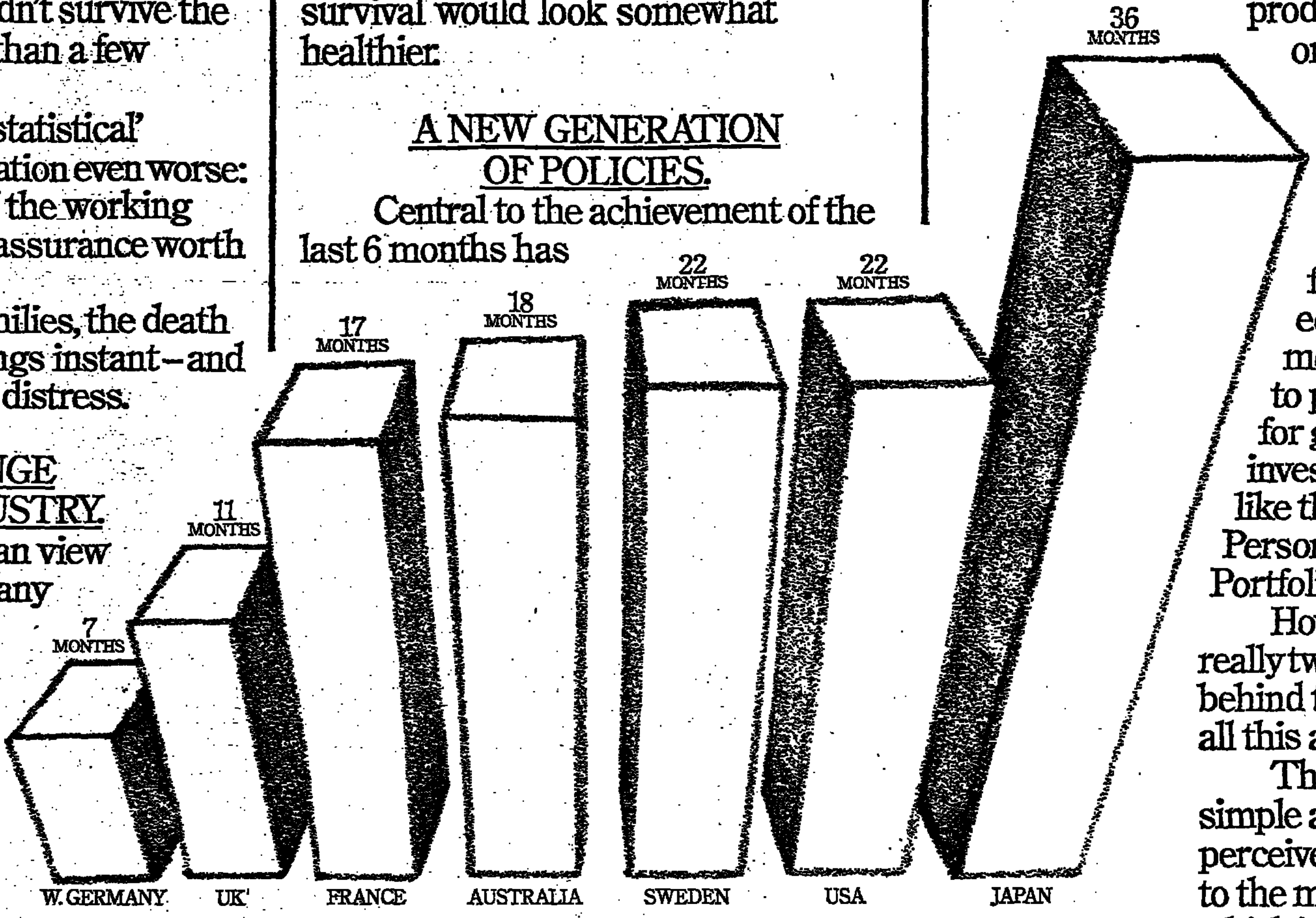
IF THE BREADWINNER DIES, THE AVERAGE BRITISH FAMILY HAS LESS THAN A YEAR TO SURVIVE.

The average value of a life assurance policy in the United Kingdom today equals about eleven months' average income.

So, realistically, a family's standard of living wouldn't survive the breadwinner for more than a few months – if that.

And, in fact, that 'statistical' average disguises a situation even worse: because, in reality, half the working population have no life assurance worth mentioning.

For millions of families, the death of the breadwinner brings instant – and permanent – economic distress.



COMPARATIVE NATIONAL LIFE COVER IN TERMS OF MONTHLY INCOME.

A CHALLENGE FOR THE INDUSTRY.

No life company can view figures like these with any equanimity – no matter what their share of the market.

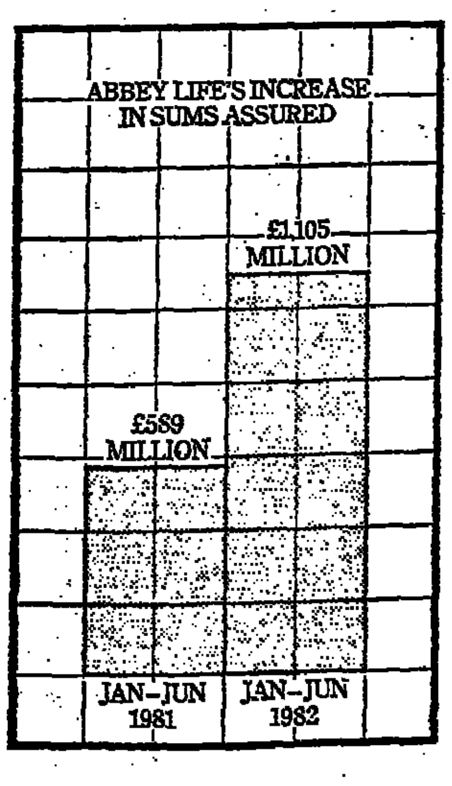
Certainly we don't at Abbey Life, and we have been making an increased effort to do something positive about it.

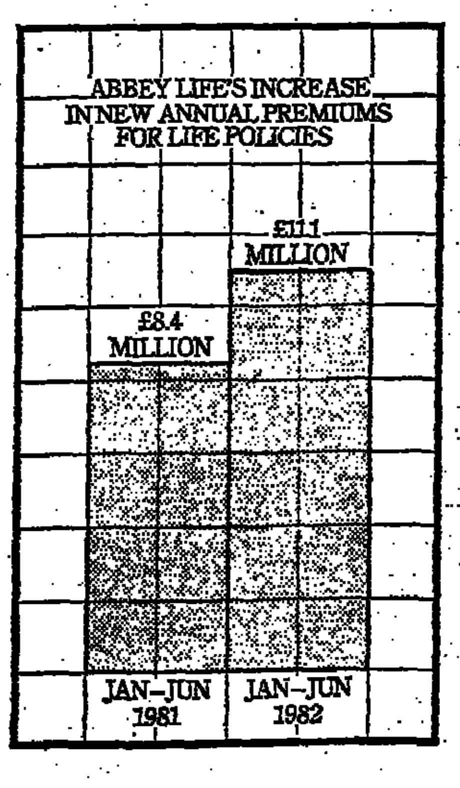
The task, as we see it, is not merely to convince the public that they need life assurance, but also to provide the sort of products that help overcome the ingrained reluctance to think about life assurance – with all its sombre overtones – at all.

MEETING THE CHALLENGE: A SPECTACULAR HALF YEAR.

A glance at the graph below will give some indication of our success in meeting the needs of future policyholders, particularly where it concerns the provision of adequate life cover. Sums assured are up from £589 million for the first six months of 1981 to £1,105 million for the same period this year – an increase of 88%.

Overall, new annual premiums for life policies this year are up by 32% to £11.1 million.





It is encouraging to speculate that, if this increase was spread across the industry, the average family's period of survival would look somewhat healthier.

A NEW GENERATION OF POLICIES.

Central to the achievement of the last 6 months has been the introduction of new policies closer to the needs of the public today. Typical of this new generation of products is CoverMaster, introduced in January of this year.

This is a whole life policy designed to give the 'life' of life assurance new and more positive connotations.

First of all, we made it economically attractive by designing it with low initial premiums that only reach their full level after five years – yet it offers the full sum assured from day one.

Then we made it so flexible that it could be seen clearly as a policy 'for life': it could turn into a savings plan, it could even be used to cope with Capital Transfer Tax. It was presented as a help with life's unforeseen economic problems – one of which, but only one, is the death of the breadwinner.

The public responded. Within four weeks of introducing CoverMaster, it had become the second fastest selling life policy in the country.

NEW POLICIES. OLD SKILLS.

In the last two years, Abbey's vigorous new approach to revitalising the market has resulted in no fewer than twenty new product launches or revisions; ranging from CoverMaster and MortgageMaster (a similarly flexible and economic mortgage policy), to pension plans for groups, to investment plans like the successful Personal Investment Portfolio.

However, there are really two age-old skills behind the success of all this activity.

The first is the simple ability to perceive and respond to the market's needs – which is clearly demonstrated in the sales of individual policies.

The second is the investment skills fundamental to the welfare and satisfaction of every policyholder.

Abbey has grown on its investment skills.

We are the United Kingdom's sixth largest life company in terms of new business, and, at this moment, have funds of over £1,150 million.

It is the investment expertise behind these figures which gives us the flexibility to produce market winners like CoverMaster. And which can make the average British policyholder view the future with a little more hope and security.

We'd like to send you some more details about Abbey's extremely successful year, or about individual policies. Phone Richard Rogers on (0202) 292373. Or write to him at Abbey Life Assurance Company Ltd, 80 Holdenhurst Road, Bournemouth, BH8 8XH.

BRITAIN NEEDS MORE PROTECTION. WE'RE BREAKING RECORDS IN HELPING PROVIDE IT.

Abbey Life

UK NEWS

British Telecom and Plessey hold talks on Inmos holding

BY GUY DE JONQUIERES

BRITISH TELECOM and Plessey have held talks with the British Technology Group (BTG) about the possibility of taking an interest in Inmos, the microchip venture which has almost £100m in state backing.

The talks, which began several weeks ago, have so far been exploratory. It is understood that neither BT nor Plessey has yet had direct contact with Inmos, whose operations they would want to examine closely before deciding whether to proceed further.

But Sir George Jefferson, BT's chairman, has had dealings with Inmos in the past. He was asked by the Government to review the company's prospects two years ago and recommended that it should be given further state backing.

Sir Freddie Wood, BTG's chairman, wants to reduce the group's 75 per cent stake in Inmos by seeking outside investors. He has also said that the company may need an extra £5m to £10m of working capital over the next year.

But Lazards, the merchant bank, has advised the BTG that financial institutions could not be expected to invest in Inmos at this stage, and that if funds were to be raised from the private sector they should probably be sought from an industrial partner.

Inmos was set up in 1979 and has yet to show a profit. It recently launched its first major product, known as 64-K Random Access Memory (RAM), which it aims to sell in large quantities on a highly competitive world market.

BT wants to strengthen its high-technology base to equip itself for competition both on the newly-liberalised UK telecommunications market and internationally. It is also considering whether to expand into manufacturing.

It believes that the growth of markets like office automation, which combines computers and communications, will increasingly pit it directly against large companies like American Telephone and Telegraph and IBM, which have formidable industrial resources.

But BT recognises that it could be politically difficult for it to seek to acquire Inmos at present, since this would amount to a transfer of ownership from one part of the public sector to another. Although the Government plans to privatise BT, it has said it will not do so before the next General Election.

One option open to BT would be to form a joint venture with a private company to take control of Inmos. It is understood that this possibility has been discussed informally with Plessey, which is one of BT's leading suppliers.

Although Plessey has been expanding its investment in microchips, it is involved in low-volume, specialised devices, not the mass-produced "standard" components which Inmos is making. Taking an interest in Inmos could lead to a major shift in Plessey's product strategy.

NUJ row with Lloyd's List editor

BY JOHN MOORE, CITY CORRESPONDENT

A ROW has broken out between journalists and the editor of Lloyd's List, the daily newspaper published by a wholly-owned subsidiary of the Corporation of Lloyd's.

The National Union of Journalists chapel of Lloyd's List has passed a resolution "dissociating itself from the irregular practice" of issuing a second edition of the newspaper more than 24 hours after the first edition.

The row centres on last Saturday's issue of Lloyd's List. The first edition carried a report of the debate in the House of Lords of the controversial Lloyd's Bill for improving self-regulation within the Lloyd's market.

During the debate, Lord Foot, a member of the five-man House of Lords committee, described an immunity clause for protecting a Lloyd's council from suits for damages by its members as offensive "against some of the most elementary and fundamental principles" of English law.

Lloyd's List in its first edition which appeared on Saturday, carried a story which was headlined "Lloyd's Bill immunity clauses 'are offensive.'"

An edition was printed on Sunday, according to union officials, bearing Saturday's date. The headline on the Lloyd's Bill story was changed to read: "House of Lords passes Bill to reform Lloyd's" and the criticism of the immunity clause was toned down in the text. It is understood it was the later issue which was circulated to the market.

Mr Joe Parkinson, chief executive of the publication, said yesterday: "It was the editor's decision to do this. It was not a management decision."

Just over a year ago the management at Lloyd's List stopped the printing of 14,800 copies over a story relating to a Lloyd's scandal, reported by a staff journalist.

Union representatives are seeking clarification about the reporting of Lloyd's affairs by the paper, which is financed by the corporation's publication activities and members' subscriptions.

Lloyd's is worried that if stories about the Lloyd's market which are controversial appear in the paper, overseas subscribers may think they are an official version of events.

Union officials are worried that constant interference in the running of the paper will only suggest to the outside world that the paper is the official mouthpiece of Lloyd's.

Mr Roy Farndon, the editor, was meeting journalists last night to discuss the matter and was not available for comment.

PSBR of £2.8bn in second quarter 'within forecast'

BY ROBIN PAULEY

THE public sector borrowing requirement in the quarter to the end of June was £2.8bn. This is officially regarded as being consistent with the Budget forecast of £9.5bn for the full 1982-83 financial year although the City had been expecting a slightly higher quarterly figure than yesterday's announcement.

The PSBR for the same quarter last year was £7.8bn but comparisons are meaningless because of distortions caused by last year's Civil Service strike.

If the PSBR figure is seasonally adjusted on a financial year basis it is £1.6bn for the first quarter of 1981-82 compared with a repayment of 1bn the previous quarter.

The PSBR figures vary substantially from quarter to quarter with heavy borrowing at the start of the year and net repayments towards the end when there are large inflows of schedule D, corporation and petroleum revenue taxes.

The seasonally adjusted central government borrowing requirement in the first financial quarter was £1.3bn and the local authority borrowing requirement was £200m. There was a repayment to central government of £300m so the local authorities' direct contribution to the PSBR — their borrowing from sources other than central government less their purchases of public sector debt — was £500m.

Public corporations made a substantial negative contribution to the PSBR of £300m compared with direct contributions to the PSBR total in each of the last financial year's quarters, reflecting large borrowing from central government during 1981-82.

The PSBR out-turn for 1981-82 has been revised to £8.83bn compared with a 1982 Budget forecast of £10.57bn, an undershoot of £1.74bn. The Treasury insists that the Budget estimate was made in good faith, although the undershoot was apparent within six weeks of the Budget statement.

● Consumer spending remains at the buoyant level recorded throughout the past two years in spite of the very slow movement out of the recession, according to figures published by the Central Statistical Office yesterday.

The volume of consumer spending, seasonally adjusted, in the second quarter of 1982 was £17.8bn at constant 1975 prices. This is virtually the same as the average figure for each of the past three years. Since the beginning of 1980 the quarterly figure has never been lower than £17.7bn or higher than £18.1bn.

There was little change in the spending pattern between the first and second quarters of 1982. There was some recovery in the durable goods sector and a corresponding easing of spending on clothing and other goods.

The constant spending pattern during years of recession and falling real incomes reflects the high extent to which people have drawn on savings and borrowed from banks. There has been consistently high credit demand from the personal sector.

TV post for former Times editor

HAROLD EVANS, former editor of the Sunday Times and until recently editor of The Times, is joining the board of Goldcrest Films and Television.

He is likely to concentrate on the development of news and current affairs programming for cable and satellite broadcasting services.

Goldcrest is part of the Pearson Longman group, as is the Financial Times.

Mr James Lee, chief executive of Pearson Longman, said last night that Mr Evans "will add enormous strengths to the team that is already helping us to think about the next stage of expansion of our television activities."

Goldcrest claims to be Britain's fastest growing feature film and independent production company. It developed the Oscar-winning film Chariots of Fire, backed Attenborough's Gandhi and is making 70 hours of material for Channel Four this year.

Puppet jobs lost

PELHAM PUPPETS is making most of its 88-strong workforce redundant because of a fall in demand. The Marlborough, Wiltshire, company will lay off nine workers today and a further 65 on August 13.

Save dockyard call

The Ancient Monuments Board has called for the formation of a Public Trust to preserve Chatham Dockyard.

The board said the complex includes an almost complete 18th and 19th century dockyard which can be regarded as a ready-made museum to show how the Royal Navy worked during that period.

Drawings acquired

FREDERICK POLLARD, a small private maker of special purpose machine tools, has acquired all the engineering and design drawings relating to Vaughan Associates Shrewsbury from the Receiver.

Workforce to be cut

FLETCHER and Stewart, of Derby, which makes equipment for sugar factories, is making another 50 workers redundant. This will reduce the workforce to 275, about 500 fewer than three years ago.

BR to offer new cheap fares

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

BRITISH RAIL is launching highly competitive fares in London, the South East and to certain stations outside the region for groups of up to five travelling together.

The new cheap fares take effect immediately and will be followed by the resumption of advertising by BR early next week in an attempt to win back passengers after the strike.

BR cancelled all advertising during the strike, as it did during the train drivers' dispute in January and February.

An adult buying an Awayday ticket between now and September 30 will be able to take four others—adults or children—for £1 a head for the return journey. Up to four children under five, who travel free anyway, can accompany the group.

The new fares mean five adults could travel from London to Bournemouth and back for £14.60, a saving of £37.40 on the normal Awayday fares, which in any case offer a discount of around 30 per cent on ordinary fares.

Mr David Rayner, BR passenger sales manager, said yesterday: "The party-size Awayday offers adults or family groups day out at prices which compete keenly with the family car. We are confident that it will be a winner on sheer value and will help to re-establish 'the age of the train' following the recent rail dispute."

BR's marketing division is rapidly drawing up promotion schems designed to win back business. But with several cheap fare schemes already on the market—notably the Supersaver which was introduced after the January/February dispute and has been extended to late summer—BR cannot afford to offer many more big discounts.

A high priority was given after earlier dispute to persuading people to renew their Railcards, which was largely successful.

BR will shortly be introducing a Railcard for Young Persons which will be similar to the Student Railcard but will be valid for one year from the date of purchase instead of the academic year to which it is now tide. The price of the Railcard is to be kept at £10.

Thatcher aide to head MoD

BY PETER RIDDELL, POLITICAL EDITOR

MR CLIVE WHITMORE, the Prime Minister's principal private secretary, is to take over as official head of the Ministry of Defence in a reshuffle of Whitehall's top civil servants. He will move over next month in preparation for taking over at the end of this year as Permanent Secretary of the Ministry from Sir Frank Cooper, who is to retire.

Mr Whitmore has been regarded as a particularly influential figure in Downing Street. Ministers say that Mrs Thatcher has relied on him almost as much as some of her Cabinet colleagues for advice, both in private and at official meetings.

His appointment at the age of 47 represents a remarkable promotion and shows that the Prime Minister is determined to have someone she trusts at the top of a troublesome ministry.

The post of principal private secretary to the Prime Minister has proved to be a fast route to the top in Whitehall. Previous incumbents—like Sir Robert Armstrong and Sir Kenneth Stowe—have all quickly become permanent secretaries.

Mr Whitmore's successor in Downing Street is Mr Robin Butler, 44, who is one of the Treasury's most respected officials.

Mr Butler has served in Downing Street before as one of the junior private secretaries from 1972 to 1975, when he earned the respect of both Mr Edward Heath and Mr Joe Haines in his book about his period as press officer to Sir Harold Wilson.

The moves are part of a wider shake-up in Whitehall resulting from the retirement of several permanent secretaries over the next year. Some changes have already been announced at Employment, Overseas Development and Defence. But the key post will come up next year when Sir Douglas Wass, Permanent Secretary to the Treasury since 1974, retires.

Donoughue to join Grieveson Grant

BY DOMINIC LAWSON

DR BERNARD DONOUGHUE, head of the Policy Unit at 10 Downing Street in 1974-79, is to become head of investment policy at the stockbrokers Grieveson Grant.

Last month Grieveson took over the corporate finance business of Carr Sebag.

Mr Donoughue said: "I shall assist in completing the integration of the palatable parts of what remains of Carr Sebag."

He said that his experience as senior personal adviser to Mr Harold Wilson and Mr James Callaghan would be "a great help" in his new job.

"As an investment adviser it helps if you have a sense of what politicians and civil servants are likely to do."

Dr Donoughue said that he would progress to become a partner in Grieveson Grant, and added: "I am still a member of the Labour Party, and a Callaghanite, but I have absolutely no intentions of ever standing for Parliament."

He also said: "I managed investment portfolios privately when I was at the LSE, and Grieveson was one of the brokers I used.

"I later became a part-time consultant with Grieveson, until I started to work for the Labour Government."

Vauxhall to build parts for disputed GM import

BY JOHN GRIFFITHS

VAUXHALL MOTORS said yesterday that UK factories of its parent, General Motors, will provide up to £20m worth of components a year for the small hatchback it plans to import from a new GM plant in Spain next spring.

It issued the figure in what is seen as an attempt to ease tension in the company over the imports.

The Transport and General Workers Union will decide in September whether the car will be "blacked" by dockers until GM agrees to the car being assembled by Vauxhall in the UK.

Union officials at Vauxhall's Luton and Ellesmere Port plants say that too many UK jobs are already being lost through imports of Cavalier and Astra models from GM's Continental factories.

The "S" car hatchback, to be sold as the Opel Corsa on the Continent but which has yet to receive its Vauxhall name, should also be made in the UK, the unions argue.

Vauxhall has said it might be made in the UK, but only if it could be done profitably.

● Nissan, the Datsun car group of Japan, and the UK Government will have talks today about the amount of Government support available if Nissan built a car plant in Britain.

● The Society of Motor Manufacturers and Traders put its case for cuts in hire purchase terms to Mr Norman Lamont, Industry Minister, yesterday. There are signs that the Government might ease the terms to boost depressed car markets.

'Gas landbridge' proposed to aid European supplies

BY RAY DAFTER, ENERGY EDITOR

A "LANDBRIDGE" gas pipeline network with the UK serving as a link between fields off Scandinavia and Continental energy markets is proposed today by a committee of peers.

The Lords Select Committee on the European Communities says that such a scheme would increase flexibility of gas supplies into Europe and reduce the danger of EEC over-dependence on natural gas from such areas as the Soviet Union and Algeria.

The report recommends building a pipeline from Norwegian waters to Britain and another across the Channel. New transmission line might be installed in the UK alongside British Gas Corporation trunk routes.

Mr Nigel Lawson, Energy Secretary, said recently that the Government would consider such a proposal, which was now being looked at in outline in Whitehall.

The Lords committee says there are both commercial and security reasons for a landbridge pipeline scheme:

● It would probably be cheaper than a new direct line between Norway and the Continent to the south.

● It would encourage oil companies to exploit small or economically marginal fields.

● It would reduce Europe's over-dependence on Siberian gas.

● It might make possible UK gas exports to the Continent.

The committee urges the Government to review the case for gas exports, at present not permitted. Oil companies claimed that the prospect of such exports would "reinvigorate" and greatly intensify North Sea exploration and production, it said.

Much would depend on the amount of gas reserves lying on the UK Continental Shelf.

Phillips Petroleum, for instance, said that remaining UK gas reserves might turn out to be as high as 110-30 trillion (million million) cubic feet.

This estimate, which compares with Government figures of 33-64 trillion cu ft, would readily sustain exports, says the committee.

"Policy formulation would be easier if the range of gas reserves could be more precisely defined," says the committee.

* *Natural Gas, 15th Report of the House of Lords European Communities Committee, Session 1981-82 (HL 190): SO, £7.05.*

Building societies hit by bank mortgages

BY MICHAEL CASSELL

THE BUILDING SOCIETIES' share of the mortgage finance market fell to its lowest point for seven years in 1981, reflecting the big increase in mortgage lending by the clearing banks.

Figures released by the Building Societies Association forcefully underline the competitive pressures on savings and investments which the societies have had to confront over the past 18 months or so.

They show that, on the mortgage lending side, the societies' share of the total market fell last year to 65.8 per cent from 77.4 per cent in the previous 12 months. The banks' share of the market reached £2.2bn, or 23.3 per cent of the total, against £490m (6.6 per cent) in the preceding 12 months.

Not since 1974, when a surge in local authority mortgage advances reduced the societies' share to just under 63 per cent, has their traditional business been so dramatically undermined.

The societies' gross mortgage advances rose to £11.91bn against £9.61bn in 1980, but a big rise in the repayments of loans by people changing to bank mortgages (up by nearly £2bn) meant that net advances rose only modestly, from £5.7bn to £6.2bn.

On the investment side, the societies managed to maintain their market share, despite the intense competition from National Savings, while the banks came off worst.

The association also reported yesterday that the number of societies declined during 1981 from 273 to 251. At the end of 1981, the five largest societies accounted for just over 55 per cent of th etotal assets.

Company liquidations down

BY CHARLES BATCHELOR

A SLIGHT FALL in the number of company liquidation between the first and second quarters of 1982 is revealed by the Department of Trade in the latest issue of its weekly official publication, British Business.

Provisional second-quarter figures show that 2,950 companies were liquidated compared with the revised total of 3.122 in the first quarter of 1982 and 2,350 in the last three months of 1981.

Creditors' voluntary liquidations accounted for 2,042 company failures in the latest quarter compared with 908 compulsory liquidations.

Seasonally-adjusted figures, however, reveal a marginal increase in the number of company failures to 2,970 in the second quarter from 2,964 in the first.

The civil service strike of last year continues to distort the figures and the backlog will probably not be completely cleared until late this year, the department said.

Bankruptcy figures, which relate to insolvent individuals and partnerships, show a further increase in the second quarter to 1,423 from 1,398 in the preceding three months.

On a seasonally-adjusted basis the increase is even more marked, with a rise from 1,276 to 1,413 between the first and second quarters.

Defence spending reorganisation advocated

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

REORGANISATION of the way in which the Ministry of Defence control spending on major weapons systems was advocated in a report published yesterday by the Commons Select Committee on Defence.

The committee has spent much of the last year investigating how the Defence Ministry spends nearly £6bn a year on procuring equipment for the armed services.

Its report also recommends that the defence industries should be more closely involved in the procurement process.

The inquiry began last July after reorganisation at the Ministry of Defence which ended the practice of having a minister for each of the three services. More emphasis was placed on minsterial control of procurement.

The inquiry was broadened as the committee requested evidence from the MoD and from defence companies on the organisation and managment of defence equipment procurement.

Evidence from the defence industries published earlier this year was highly critical of MoD procurement processes, which were found to be inefficient, time-consuming and resulting often in weapons systems that were too expensive.

The inquiry came to an abrupt end as the Falklands crisis erupted in April and the committee's chairman, Mr Cranley Onslow, was appointed Minister of State at the Foreign Office.

There have been suggestions in Westminster that the committee's final report might have been more trenchant had it not been for these interruptions

The committee's report notes that, as the procurement of weapons systems becomes more complex, so the ability of the MoD's central staff to control the process is reduced.

"Current thinking, which we support, is to stress the role of the centre as the source of clear policy and budgeting guidelines while allowing for a greater delegation of responsibility when it comes to the shaping and implementation of procurement decisions," it says.

It recommends that managers of defence equipment projects should be given increased rank and higher status to avoid the danger of relatively junior officials having control of the allocation of large sums of money.

The committee believes that the risks inherent in less monitoring of projects can be justified.

"First, there must be clear lines of responsibility. It is our impression that much of the current committee structure is used to avoid direct responsibility by involving as many interested parties in the discussion as possible."

Secondly, central staff must be responsible for providing the policy and budget framework for this decentralisation, the committee says.

Its report also finds there has been a breakdown in the customer-contractor relationship. "The notion that defence planning can proceed by the Services developing requirements and then searching for an appropriate contractor to meet them has been undermined by the realities of the design and production of modern weapons systems.

"Over-elaborate and unobtainable technical specifications, optimistic cost performance and delivery estimates waste time and resources to a degree that cannot be afforded."

It is therefore necessary, the committee says, "to draw industry into projects at the earliest possible stage."

The committee states that it is determined that the opportunity to bring in the proposed changes should not be lost on this occasion.

House of Commons Paper 22-I, HMSO, £4.80.

TO RELIEVE HAYFEVER TAKE ONE ON EVERY JOURNEY.

No, at Saab we haven't discovered a miracle cure for hayfever. But what we have invented is a unique ventilation air-filter for our 900 series, that will stop pollen and dust from seeping into the car.

Which must be good news for drivers who suffer from hayfever, or other allergies caused by dust or pollen.

And as well as bringing a welcome respite from sneezes and sore eyes, the filter will also rid you of two other common car ailments. The dust storm which normally showers you when you switch on the ventilation system, and the windows misting up, before the interior has warmed up.

The air-filter may be a small item, but it typifies the thought that goes into building a Saab. Take the 122 mph Saab Turbo for a spin on a bright summer's day and you'll quickly discover what we mean.

Immediately you'll notice how the tinted glass cuts down the glare of the sun. And if your No.1 enemy is not the pollen count, you'll enjoy breezing along with the sun-roof open and the electric windows down.

And talking of breezing along, there can't be a better speed sensation than the famous Saab turbo-charger, that boosts engine power by more than 40%.

With Saab's equally famous road-holding and power-steering, there can't be a more comfortable drive either. Even round narrow country lanes or on surfaces more suited to agricultural vehicles.

Of course, summer motoring is not all country cruising.

There's the bumper-to-bumper drag to the coast or the nose-to-tail weekend return to the city, guaranteed to bring on a bout of backache, a stiff neck or a severe case of cramp.

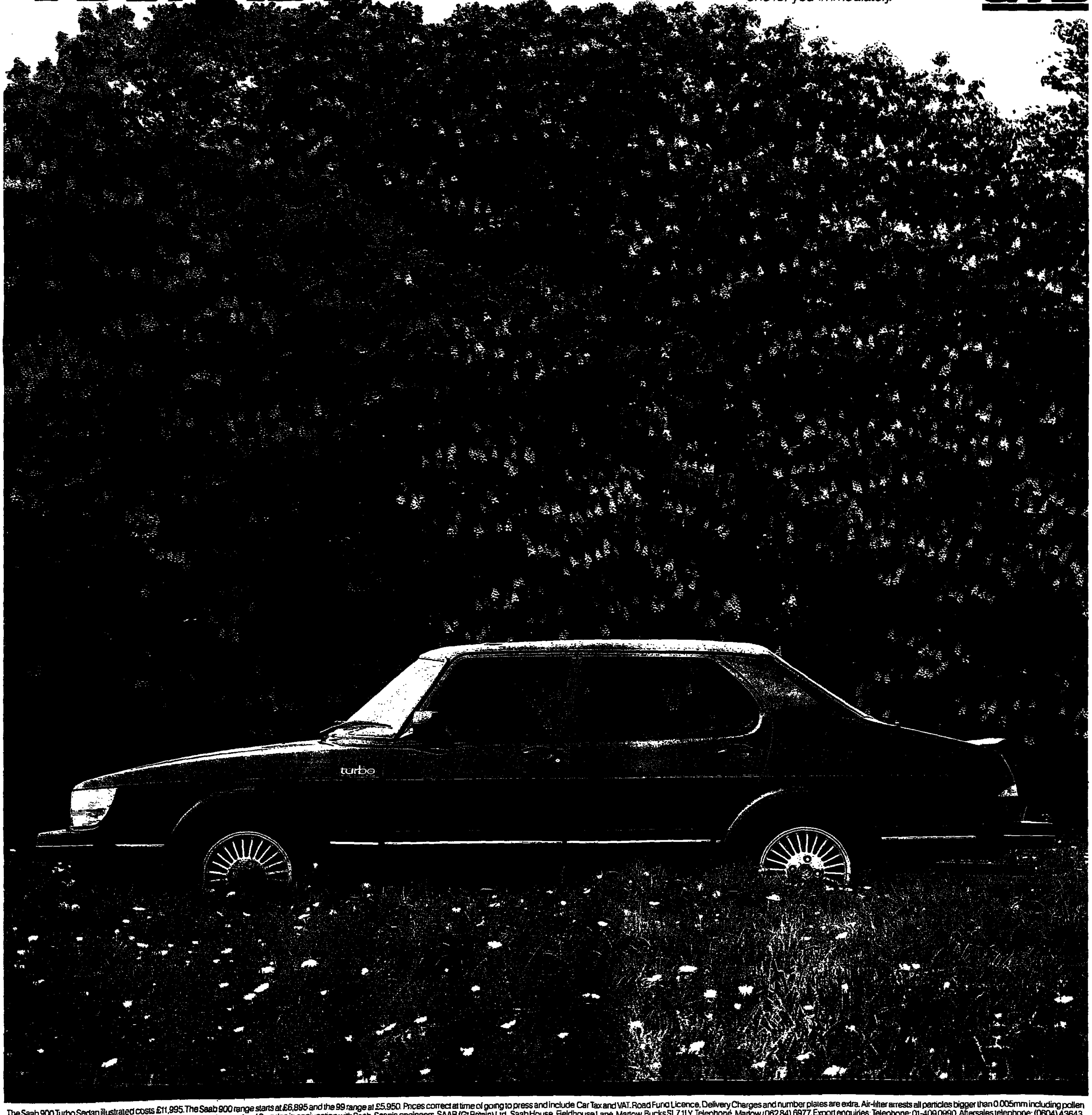
Here Saab also have the perfect remedy, in the shape of front seats that support the body from neck to knee. With an elastic lumbar support and deep-sided, thickly padded back-rests, they adjust right down to the reclining position.

And in case you suffer from a partner who always insists on an extra case, we should tell you that the luggage space is also very roomy.

What's more, to load up really long or bulky items such as water-skis, golf clubs, an outboard motor, or even sails, we have a fast, 30-second cure. You simply fold down the back seat and you more than double the boot space.

All in all, a Saab is the perfect panacea for so many of the usual motoring headaches. But don't take our word for it. Ask your local dealer if you can test one. He knows that you'll end up having such a healthy respect for the car, that you'll want him to prescribe one for you immediately.

SAAB



The Saab 900 Turbo Sedan illustrated costs £11,995. The Saab 900 range starts at £6,895 and the 99 range at £5,950. Prices correct at time of going to press and include Car Tax and VAT. Road Fund Licence, Delivery Charges and number plates are extra. Air-filter arrests all particles bigger than 0.005mm including pollen and nearly all dust according to tests carried out by Linkoping University of Sweden in conjunction with Saab-Scania engineers. SAAB (Gt Britain) Ltd., Saab House, Fieldhouse Lane, Marlow, Bucks SL7 1LY. Telephone Marlow (06284) 6977. Export enquiries: Telephone: 01-409 0990. Aftersales telephone: (0604) 43643.

UK NEWS—LABOUR

John Lloyd looks at the changes made during the committee stage and in the Lords

Plugging loopholes in the Employment Bill

MR NORMAN TEBBIT'S Employment Bill has been bumping and grinding its way through committee stage and the Lords for much of this year—the subject of the kind of lobbying, sniping and frontal assaults which could be expected to be the lot of a measure so comprehensive and so controversial.

It is not quite the same Bill as that which finished its second reading early this year: the amendments which have been accepted, and which will be incorporated into it, add up to substantial change, pointing (for the most part) in one direction—that of stopping loopholes which unions, or labour-controlled authorities sympathetic to unions, had already discovered before it became law.

The Commons report stage saw a number of small, mainly technical changes.

● A worker who is sacked, then applies to an industrial tribunal for reinstatement and compensation, could have received full compensation due for unfair dismissal even if the employer subsequently approached him to offer the job back. Now, the acceptance of such an offer is likely to mean a reduction in compensation.

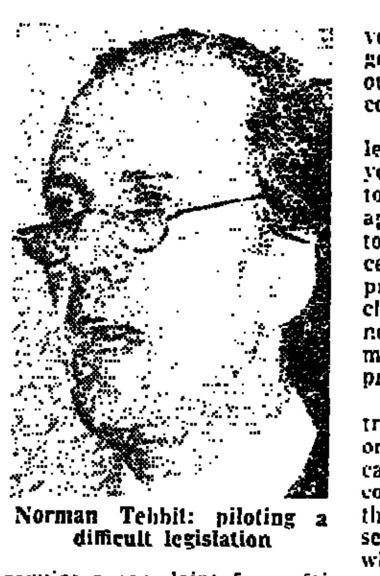
● Industrial tribunals shall not now take into account any contractual agreement which specifies that a worker should, or should not, be a member of a trade union.

● The Bill takes away the unions' traditional immunity from legal action due to unlawful acts committed by their officials during a dispute unless a senior official repudiates these acts. An amendment specifies that these officials shall be the union president, general secretary or someone equivalent.

● The Bill also gives a scale of damages which unions of varying sizes may have to pay. A further amendment makes it clear that union federations, which may officially have only a handful of member unions, shall be judged to have as many members as there are members of the affiliated unions.

The most substantial change in the Bill introduced during the report stage was one which widened the scope of an employer to dismiss strikers: an amendment which attracted much hostility from Labour members on the committee.

An amendment was made to Clause 7 of the Bill, which allowed employers to dismiss strikers instantly without facing charges of unfair dismissals: to allow the sacking of those taking any industrial action, not merely those on strike: to allow employers to discriminate among those taking industrial action in various plants: to allow employers not to sack strikers who have returned to work but to sack those who have not, without being open to charges of unfair dismissal from those dismissed: and to require a complaint for unfair dismissal under this provision to be made within six months.



Norman Tebbit: piloting a difficult legislation

The Government stressed that the changes did not allow employers to "pick" on individuals—but it does provide for much more selectivity in what employers had felt was a provision which forced them to sack all or sack none of those engaged in industrial action.

The Lords amendments have been geared largely to clamp down on attempts to get round the Act—attempts which have been made (perhaps unwisely) in the course of the Bill's progress.

First: a new clause—Clause 12—has been inserted to prevent local authorities and others get round the provision which outlaws labour-only sub-contracts.

East Kilbride Council sent a letter to contractors earlier this year, telling them that in order to remain on the Council's approved list, they would have to sign a recognition and procedural agreement with appropriate unions. The council claimed the stipulation had nothing to do with the Bill, but merely restated their present practice.

The Bill specified that contracts enforcing union labour only were unlawful: one which called for union recognition could have escaped its intent: the new clause 12, and consequential amendments elsewhere, ensures it now cannot.

Second: some councils explored the possibility of dismissing workers who both refused to join a union and refused to pay the equivalent of their union dues to charity. Such an action will now constitute unfair dismissal—unless the union recognition, or closed shop, agreement between the union and the employer is validated by a vote of 85 per cent of the employees covered by the closed shop, as specified in the Bill.

Third, the workers at a Plessey plant in Bathgate occupied the plant for eight weeks this year in protest against being made redundant: somewhat to their own surprise, that occupation was declared lawful by the Scots courts under clause 13(ii) of the 1974 Trade Union and Labour Relations Act. It will not be able to do so again: the Lords have repealed the clause.

Fourth, the shipping employers have lobbied hard to be exempt from the provisions on closed shop ballots, arguing that seafarers were not able to be balloted like other workers and that the opportunities were rife for frivolous objections to union membership. They have secured an amendment which partly satisfies their fears: it has been made clear that a ballot can be spread over a relatively long period, thus allowing shipboard and on-shore votes to be taken.

The Government says that amendments are now at an end. The Lords will complete their consideration of the Bill on July 29, leaving only one day for it to return to the Commons before adjournment. It will thus not pass into law until mid-October.

Only one provision will immediately become law—that which grants compensation to the victims of closed shops dismissed between 1974 and 1980. Most of the others will pass into law before the end of the year—though the closed shop ballots provisions will wait one or two years (Mr Tebbit has not decided which) to allow employers to set up machinery for them.

Training of youth 'will pay industry'

By Alan Pike, Industrial Correspondent

FULL PARTICIPATION in the new Youth Training Scheme could give the engineering industry much better value for its training costs, Mr Geoffrey Holland, director of the Manpower Services Commission, said yesterday.

Mr Holland's speech to the West Midlands Engineering Employers' Association represents part of a major campaign to sell the new training plan to industry.

If the MSC is to find the 460,000 training places required for the scheme starting in September next year, the commission has to convince employers of real benefits.

The finances are structured so that employers receive £1,850 a year for every trainee taken on — plus £100 per head for companies acting as managing agents for the scheme — from which they pay trainees' allowances.

Mr Holland said that the average weekly pay and other costs of a young employee last year were about £60 a week, or a total of more than £70m throughout the industry — to which training costs of about £55m per year had to be added.

If engineering employers participated to the full in the Youth Training Scheme there could be about 57,000 young trainees recruited (against 22,900 in 1980). The total extra cost of training them would be around £80m but the structure of grants would provide £30m more than the extra costs.

Employers would argue that there were other costs such as supervision, premises and depreciation, Mr Holland said.

But there were substantial benefits like more flexibility in writing off capital items such as training schools and training equipment.

"There is also the question of the contribution made by young trainees to output."

Brewery truce

A MONTH-OLD STRIKE by 1,100 workers at the Hartlepool-based brewery of J. W. Cameron will be suspended from Monday when discussions will reopen on a proposal to shed 284 jobs.

Health workers to step up pressure with five-day action

BY IVO DAWNAY, LABOUR STAFF

THE TUC health service unions yesterday stepped up the pressure on the Government to improve its 6 to 7.5 per cent pay offer with a call for a five-day campaign of intensified industrial action from August 9 to 13.

The decision was immediately condemned as "cruelly irresponsible" by Mr Norman Fowler, the Social Services Secretary.

Officials of all 11 unions backing the campaign for a 12 per cent pay rise announced the new action after a three-hour meeting assessed the effects of the three days of stoppages held this week.

A statement released by the TUC health services committee claimed the strikes had been "tremendously successful" and expressed thanks to workers outside the NHS for demonstrating their support.

The statement added that the committee will be urging the TUC General Council to encourage all affiliated unions to take action during the coming five-day stoppages. Health workers will also arrange two-hour meetings at factories and offices to explain their case.

Though many of these may be organised during break periods, it is hoped that in some cases the meetings may produce token sympathetic action.

In the meantime, sporadic selective stoppages by key groups of hospital workers will continue.

The committee was careful to emphasise its willingness to re-enter talks with Mr Fowler or to return to the Advisory Conciliation and Arbitration Service.

Mr Albert Spanswick, committee chairman and general secretary of the Confederation of Health Services Employees, said that the vast majority of the 600,000 TUC-affiliated NHS staff had taken some form of action during the three-day strikes.

However, he acknowledged that in London and the South of England support had been patchy, but added that organisers would be "hardening" backing in the less active areas. About 70 per cent of Britain's 2,600 hospitals were now providing accident and emergency services only, he said.

A call from the National Union of Public Employees for an immediate all-out stoppage had been on the agenda but was not debated.

The five-day period of intensified action is likely to have been a compromise between the moderate and more militant unions.

British Steel to cut 900 Teesside jobs

By Our Labour Staff

THE BRITISH Steel Corporation has announced plans to cut 900 jobs at its Teesside division because of a serious fall in steel sales in the first quarter of this financial year.

The Iron and Steel Trades Confederation and the National Union of Blastfurnacemen are not expected to put up serious resistance.

The ISTC agreed last March to the shedding of 1,900 jobs at Redcar and Lackenby.

The Redcar pellet plant is to be mothballed in August with the loss of 177 jobs. Mr Derek Saul, managing director of BSC's Teesside division, has told the unions that the Cleveland iron works will stop work temporarily in September and October.

Trade union Tories urge reform

BY JOHN LLOYD, LABOUR EDITOR

THE Association of Conservative Trade Unionists has urged the Government to bring forward a third employment Bill, on internal union reform, before the next General Election.

Mr Norman Tebbit, the Employment Secretary, has said that he will issue a consultative paper on such a Bill shortly, and has indicated that he would be prepared to legislate, possibly as early as the next Parliamentary session starting in October.

Mr Tim Renton, MP for Mid-Sussex, the association president, told a meeting of Westminster Conservative Political Centre last night that the consultative paper and the subsequent legislation must cover a number of issues "central to union democracy."

Most important of these would be a mandatory right for groups of trade unionists to demand a secret ballot in their own union on matters of major importance, including election of national officials and calling of national strikes.

Mr Renton said that a ballot on these matters could be "triggered" by 5 per cent of union members demanding one. This in turn would depend on the certification officer, who oversees union affairs, having a computerised list of union members, and being empowered to organise ballots.

Such records should enable the certification officer to check that the political and general funds of trade unions were kept separate, and ensure that no money was paid from general funds for political purposes without endangering unions' friendly society status.

"It is extraordinary that unions put thousands of pounds from their general funds into building the new Labour Party headquarters in Walworth Road, a political purpose if there ever was one.

"I cannot imagine that they would have subscribed to adding a wing to Conservative headquarters in Smith Square, yet this slipped through without protest, for few trade unionists knew anything about it."

Mr Renton said that the legislation should require employers to cease deducting political levy from pay packets if workers had ceased paying it. Employees now often had to claim back the levy from branch officials.

Cunard faces union pressure over new ship

SENIOR trade union leaders will today press their case for the replacement to the Atlantic Conveyor—sunk in the Falklands conflict—to be built in Britain.

They will meet Lord Matthews, deputy chairman of Trafalgar House—whose subsidiary, Cunard, owned the vessel. Cunard has said that it intends to have the replacement ship built in Japan or South Korea.

The union leaders include Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers and Mr Bill Sirs, general secretary of the Iron and Steel Trades Confederation. They are likely to be joined by a senior official of the British Steel Corporation.

Ferries face disruption over Sealink pay cut

BY DAVID GOODHART, LABOUR STAFF

FERRY SERVICES to the Continent, Ireland and the Channel Islands face disruption from Monday when seamen begin a campaign of action that will delay sailings from all the main UK ports.

The action, which will hit all British ferry companies, has been called by the National Union of Seamen in support of Sealink crews at Harwich who have been on strike for three weeks over a proposed cut in their wages.

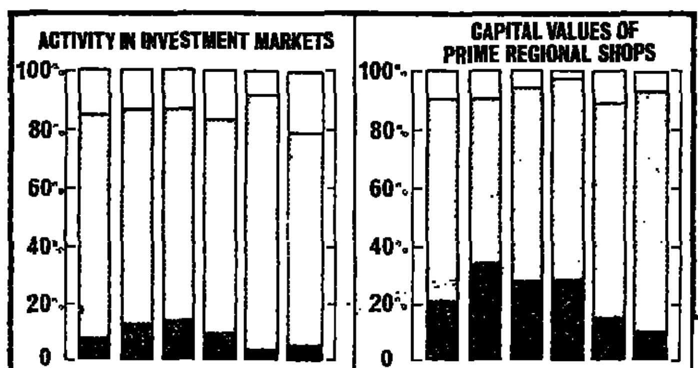
A meeting yesterday of Sealink port committee chairmen of the NUS decided that a series of unannounced "stop-work" meetings will be held next week. Crews will be asked to support further industrial action and their reaction will be reported to port committee chairmen.

The main effects of the action will be felt by Sealink UK, P&O and European Ferries.

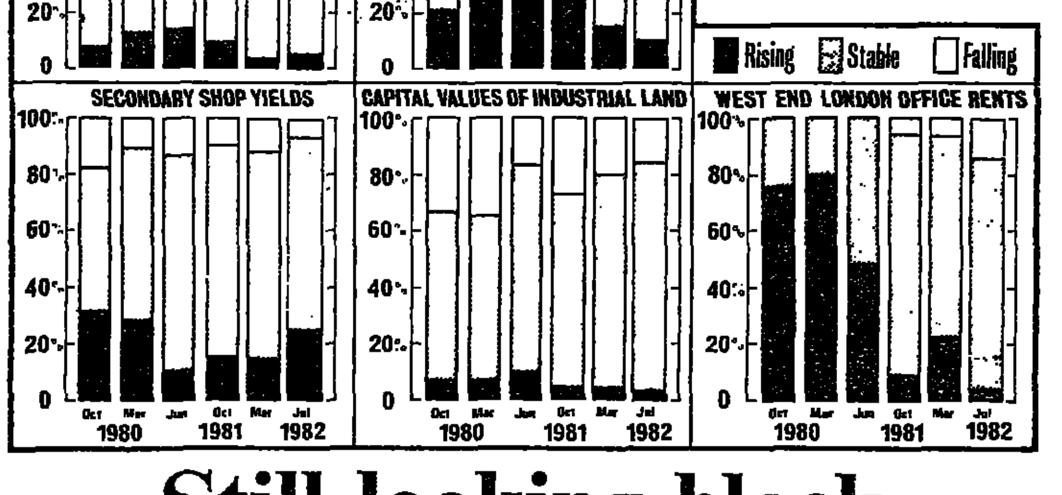
Mr Sam McCluskie, assistant general secretary of the NUS, said yesterday: "We regard the attempt by Sealink management at Harwich to impose a £50 a week wage reduction as provocative in the extreme."

Sealink UK, a British Rail subsidiary, says the loss-making Harwich line will have to be closed down unless the 570 seamen based at the port accept pay cuts of up to 15 per cent. The union says the pay cuts average 24 per cent.

UK NEWS—THE FT/RICS PROPERTY INDICATORS



● *A poll by the Royal Institution of Chartered Surveyors, RICS member-firms and investing institutions in all regions were asked if there was a rising (R) static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.*



AREAS — Compared with three months ago		LON. CITY %	WEST END %	REST GLC %	SE (EX-LON.) %	N %	NW %	EAST ANGLIA %	YORKS & HUMBER %	EAST MIDS. %	WEST MIDS. %	SW %	SCOT. %	WALES %	N. IRE. %	NATIONAL %
QUESTION 1 What is the trend in rents?																
(a) Offices	R	29	4	6	14	—	18	—	—	—	—	19	12	9	50	11
	S	63	82	58	86	75	77	90	88	93	100	81	88	82	50	82
	F	8	14	6	—	27	5	10	12	7	—	—	—	9	—	7
(b) Prime Regional Shops	R	33	6	—	33	—	—	11	17	8	—	25	18	8	25	14
	S	67	94	100	67	83	100	89	83	92	92	67	71	84	50	81
	F	—	—	—	—	17	—	—	—	—	8	8	11	8	25	5
(c) Secondary Shops	R	44	12	—	13	—	7	11	12	15	—	17	13	18	25	13
	S	56	76	91	83	89	93	89	76	85	86	75	81	73	50	80
	F	—	12	9	4	11	—	—	12	—	14	8	6	9	25	7
(d) Modern Factories	R	10	17	—	—	—	6	—	—	—	—	8	—	—	—	3
	S	80	83	93	86	50	61	82	68	63	75	81	67	92	67	76
	F	10	—	7	14	50	33	18	32	37	25	11	33	8	33	21
(e) Modern Warehouses	R	—	9	—	—	—	6	—	—	—	—	7	6	—	—	2
	S	90	91	93	86	43	67	82	68	63	75	82	65	92	25	76
	F	10	—	7	14	57	27	18	32	37	25	11	29	8	75	22
QUESTION 2 What is the trend in investment yields?																
(a) Offices	R	—	5	—	4	8	12	10	12	14	13	4	11	8	—	7
	S	100	95	100	88	83	82	90	88	86	87	92	89	92	25	90
	F	—	—	—	8		6	—	—	—	—	4	—	—	75	3
(b) Prime Regional Shops	R	8	6	8	4	17	7	20	12	14	23	9	21	8	—	11
	S	92	94	92	88	83	93	80	82	86	77	83	79	92	25	85
	F	—	—	—	8	—	—	—	6	—	—	8	—	—	75	4
(c) Secondary Shops	R	25	25	25	20	27	38	20	35	23	33	22	24	33	—	26
	S	58	70	75	76	73	54	70	53	77	67	70	76	67	—	67
	F	17	5	—	8	—	8	10	12	—	—	8	—	—	100	7
(d) Modern Factories	R	22	23	13	7	50	44	18	39	26	38	12	35	33	25	27
	S	78	69	87	89	50	50	82	55	67	56	88	59	67	25	69
	F	—	8	—	4	—	6	—	6	7	6	—	6	—	50	4
(e) Modern Warehouses	R	22	23	13	7	46	41	78	39	26	31	13	32	31	—	25
	S	78	69	87	86	54	53	22	55	67	69	83	63	69	33	70
	F	—	8	—	7	—	6	—	6	7	—	4	5	—	67	5
QUESTION 3 What is the trend of capital value?																
(a) Offices	R	18	5	7	8	—	18	10	—	7	—	17	11	8	75	10
	S	77	85	93	92	75	77	80	83	73	93	83	78	77	25	82
	F	5	10	—	—	25	5	10	10	20	7	—	11	15	—	8
(b) Prime Regional Shops	R	9	—	—	22	—	—	10	11	7	8	22	11	15	75	11
	S	91	100	100	78	83	100	90	83	86	69	70	68	85	25	82
	F	—	—	—	—	17	—	—	6	7	23	8	21	—	—	7
(c) Secondary Shops	R	10	—	—	9	—	—	—	11	8	—	16	11	17	33	7
	S	50	71	82	74	91	64	70	55	77	67	60	72	58	67	68
	F	40	29	18	17	9	36	30	34	15	33	24	17	25	—	25
(d) Modern Factories	R	10	8	—	3	—	6	—	—	—	—	8	6	—	—	3
	S	80	84	93	86	42	44	100	58	75	63	81	59	75	—	71
	F	10	8	7	11	58	50	—	42	25	37	11	35	25	100	26
(e) Modern Warehouses	R	—	8	—	8	—	6	—	—	—	—	8	5	—	—	3
	S	90	84	93	81	46	14	100	58	75	75	84	63	77	—	73
	F	10	8	7	11	54	50	—	42	25	25	8	32	23	100	24
(f) Industrial Land	R	—	9	—	3	—	—	9	—	—	—	11	—	—	—	3
	S	89	73	93	86	85	78	82	74	81	81	89	71	85	33	81
	F	11	18	7	11	15	22	9	26	19	19	—	29	15	67	16
QUESTION 4																
Activity in Investments Mkts.	F	10	5	8	4	—	—	10	—	—	6	12	11	—	25	6
	S	65	65	77	76	75	81	90	75	86	67	67	78	80	25	73
	R	25	30	15	20	25	19	—	25	14	27	21	11	20	60	21

Still looking black

THE property sector is still searching, largely unsuccessfully, for signs of an upturn in activity, according to the 20th Business Indicator Poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times.

The poll, carried out during June and July, confirms the detrimental impact which the recession is continuing to have on most aspects of the commercial property market. The overall pattern is patchy, with some isolated pockets of buoyancy, but the general impression is one of slack demand, large oversupplies of space, stagnating or falling rentals and nervous yields.

The market is apparently poised at a particularly interesting point, in which the likely course of events from now on remains uncertain and may not become any more apparent until the relatively quiet summer period is over.

All eyes appear to be fixed on yields and any indications of an upwards movement on the prime front could have a marked impact on some already shaky sentiment.

The enthusiasm of investors for property has cooled significantly in recent months and unless positive signs of a recovery in demand and rental growth prospects begin to filter through, sooner rather than later, that disenchantment will linger.

Out in the field, the agents responding to the latest poll can find few excuses for optimism. The City of London remains one of the most buoyant locations, with investment and tenant demand firm for prime property but with interest rapidly falling away for fringe-location or secondary accommodation.

The view that the present situation may not change significantly for some time came from one City agent: "There is no present increase in tenant demand and the market remains sluggish. The property market is slow to react and when the recession was at its lowest, the office market was comparatively strong. It may therefore, take some time before an improvement in the economy results in an improvement in the market."

According to the poll, a far greater proportion of respondents now report City office rents remaining static. At the time of the last survey, no fewer than 70 per cent said they were still rising but this percentage has now fallen to 29 per cent. The overwhelming majority believe rents are remaining stable.

The pattern is broadly the same in the West End of London. One West End agent reported: "As more space comes into the market, the negotiating position of those few companies seriously looking for office accommodation will be strengthened, with the result that rents for all but the primest accommodation in terms of location and amenities will become vulnerable.

"The present and foreseeable supply of new and secondhand accommodation at the current slow rate of take-up will cause a serious imbalance which could persist for many months. It would suggest, therefore, that if there is a direct relationship between the office letting market and the economy, then the latter is not only stagnant but could remain so for sometime to come."

On Tyneside, the outlook remains poor. Agents report no increase in tenant demand and certainly no increase in rental values. If anything, the reverse appears to be the case, with more property owners wishing to dispose of their interests and fewer purchasers about who are prepared to take on the associated liabilities.

Several replies from around the country suggested that, for a brief period in the early summer, there were signs that the level of inquiries for most types of commercial property was rising, but almost without exception these had again turned downwards.

In the retail sector, the number of agents still reporting rental growth has declined, although falling rents for prime shops are being less frequently recorded than was the case earlier in the year.

One City agent offered little prospect of any significant improvement in the retail sector as long as the economy and consumer spending remained under pressure: "The majority of multiple companies appear to have cut down on their acquisition lists for the coming year quite drastically, as have the building societies. It appears, however, that rentals are holding steady as there are still several small multiples and private concerns in the maket for properties at the present time."

But from the north-west, come reports that the retail sector, which has been the brightest area of the commercial property market for some time, is now also being badly hit. One agent says the retail market is slowing down, with a number of multiples having placed a moratorium on their expansion policies. Good secondary and primary shops are not being acquired immediately they are offered on the market and premium levels are reducing. There is still a reasonable demand for secondary shops but this market is not as active as it was in 1981.

The lingering strength of the shops' sector is puzzling many agents. One in Yorkshire says that he cannot understand the high demand for prime shops when so many are coming onto the market—and so many companies are closing down. He expects early movement in prime shop rents and investment rates.

In industrial property, which has been hit hardest and longest by the present recession, there are patchy signs that the market may have bottomed out and that some improvement in demand is now underway.

In the south-east, where the industrial sector has proved most resilient to the recession, some respondents have experienced a small but noticeable increase in the level of inquiries, though they are waiting to see whether they are actually translated into effective demand.

A City-based agent points out that, historically, the industrial letting market has been a useful barometer of trends in economic activity, tending to be the first part of the property market to reflect a recessionary period and invariably the first to point the way out.

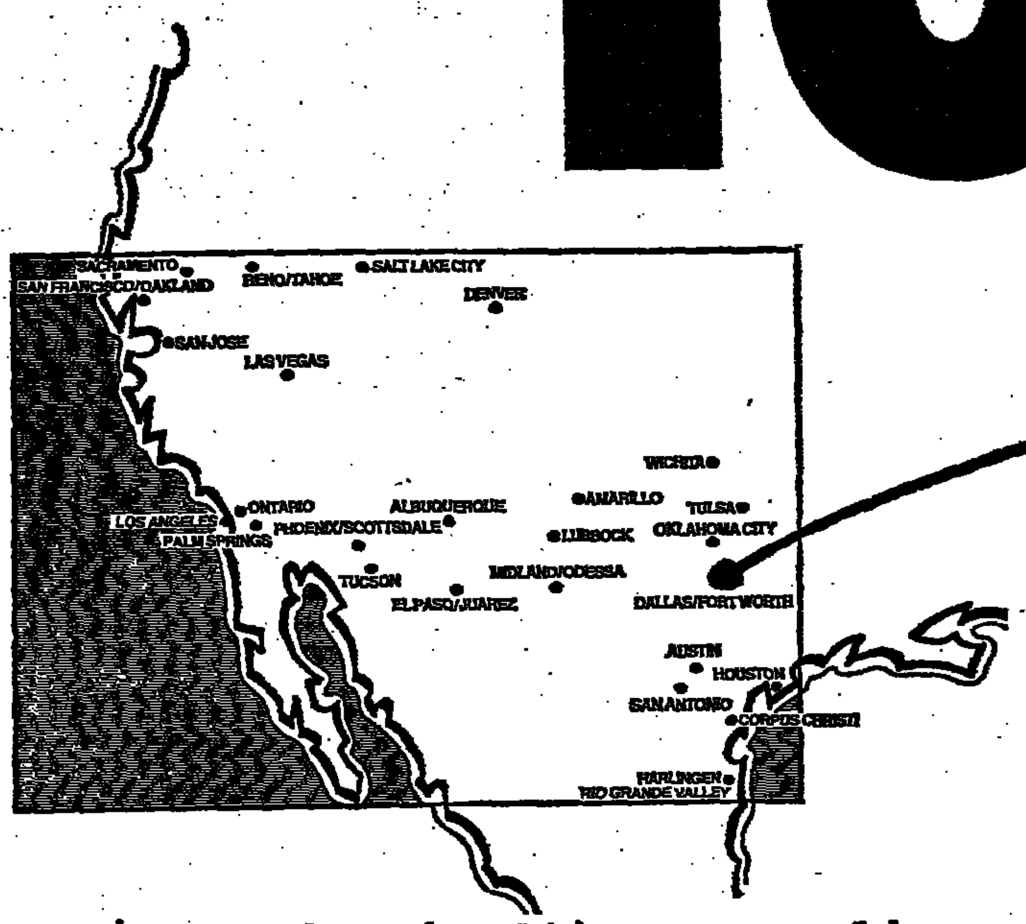
He adds: "This could well be happening now, for our experience is that over the past six months there has been a definite increase in the number of tenant inquiries and actual lettings for new, well located units."

The widely differing views on the market's true state are also reflected in forecasts about what happens from now on. One City agent expresses the opinion that the market will again begin to move forward in specific areas as the recession ends and that, with inflation still falling and confidence re-established, tenant demand will increase in all sectors.

At the same time, however, comes an opposing view from the north: "We take the view than an improvement in the economy will not tend to influence the property market to the extent that it has in the past, as a substantial number of occupiers are now well housed and have expansion space built into their existing holdings."

MICHAEL CASSELL

Leave the West to us.



If you're heading West to any of the cities in our map, even distant ones like L.A. and Las Vegas, then it's worth considering flying American.

You fly the only daily non-stop 747 to Dallas, the best gateway to the American West.

And even before you get to customs in Dallas we'll have given you your boarding pass for your final destination.

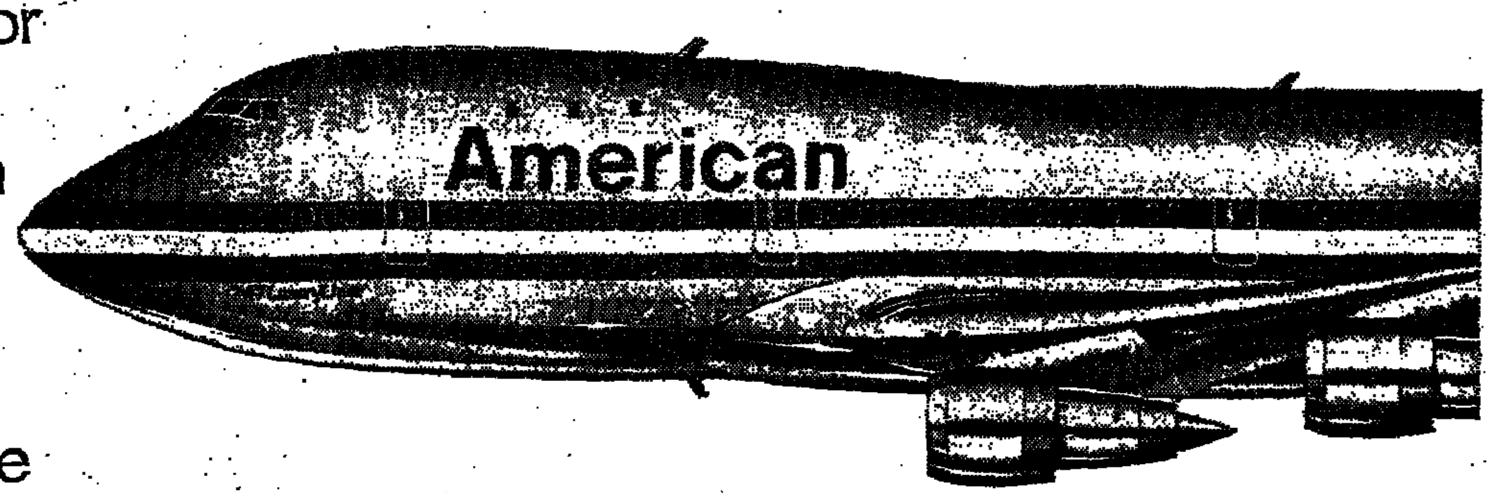
Getting through customs and immigration in our terminal is, to say the least, painless. It's one of the least congested entry points into the U.S.A.

And with more flights out of Dallas each day than any other airline, it's not surprising that we can have you in any of the cities shown within a few hours of your arrival in Dallas.

While you leave the West to us, you can rest back and enjoy the kind of American hospitality that led the Airline Passenger's Association to vote us No. 1 for service in four consecutive surveys (a distinction no other airline has achieved).

So call your travel agent next time you're visiting the U.S. and tell him to put you on the airline Americans prefer, the all-American Airline.

For further information or reservations call American Airlines on 01 629 8817.



The All-American Airline.

All routes and schedules are subject to change.

Thatcher rejects pleas for action to boost demand

BY IVOR OWEN

LEADERS OF the Confederation of British Industry, who are expected to meet Sir Geoffrey Howe, the Chancellor of the Exchequer, early next week to press their campaign for early Government action to stimulate demand, received no encouragement from the Prime Minister in the Commons yesterday.

Mrs Thatcher vigorously restated her belief that such action would lead to a further increase in imports and not to a boost for home industry and the creation of more jobs.

Mr Michael Foot, the Opposition Leader, and Mr Roy Jenkins, leader of the Social Democrats, seized on the latest evidence provided by the CBI for a further deterioration in industrial activity in many parts of the country to reinforce their demands for a change of course in economic policy.

The Prime Minister recalled the measures taken in the March Budget to aid industry, including the cut in the National Insurance surcharge, which she stressed would start to take effect at the beginning of next month.

At the same time, she praised Sir Campbell Fraser, the CBI president, for "an excellent speech," underlining the need for British firms to become more efficient in order to secure the increased competitiveness required for survival.

Mrs Thatcher insisted: "It is up to British industry and British management to secure that efficiency."

Mr Foot, who announced that next Tuesday the Opposition would launch a full-scale attack on the Government's failure to prevent a return to "mass unemployment," contrasted the CBI's calls for fresh measures to stimulate demand with the "rosy rubbish" about a coming upturn which the Prime Minister had been preaching for almost two years.

To Labour cheers, Mr Foot demanded: "Do you not have a special responsibility for this collapse of British industry and the appalling unemployment figures?"

Mrs Thatcher reminded both Mr Foot and Mr Jenkins that they were members of the Labour Government which introduced the National Insurance surcharge—the cause of such concern to the CBI—which the present Government had started to remove.

She had more difficulty in dealing with Mr Ronald Lewis (Lab, Carlisle). He emphasised the problems caused by the record number of young people and school-leavers unable to find jobs. The switchboard of the Samaritans organisation was choked with their calls asking for help and assistance.

Amid cheers from his Labour colleagues, Mr Lewis suggested that, when the Prime Minister attended the Falklands thanksgiving service in St Paul's Cathedral next week, she should "cut out the pomp and ceremony and exercise a degree of penitence."

There was mocking laughter from the Labour benches, when Mrs Thatcher replied: "Yes, I am always prepared to exercise penitence."

Rebuking her critics—"This is not a laughing matter"—she pointed out that the Government had introduced measures to help school-leavers and young people to find either a job or a training place.

Mr David Trippier (Con, Rossendale) drew attention to the Labour Party's decision to offer a zero pay increase to 120 staff employed at its Walworth Road headquarters as an example of economic realism penetrating the opposition.

Mrs Thatcher commented that some people took a different view when payments were made from their own pockets than they did when they were made from the public purse.

A new call for the reintroduction of the death penalty for terrorists following the latest bomb outrages in London was rejected by the Prime Minister in the Commons yesterday.

She pointed out that MPs had recently rejected attempts to bring back the death penalty and she had no reason to believe that another debate would produce a different result.

PR will be Alliance's post-election priority

BY PETER RIDDELL, POLITICAL EDITOR

REFORM OF the electoral system along the lines of community proportional representation, a version of the single transferable vote, has been recommended by the joint Liberal/Social Democrat Alliance Commission on the Constitution.

These are the first proposals to be produced jointly by the two parties and will be debated at their conferences in the autumn.

At a Press conference yesterday, Mr Roy Jenkins, leader of the SDP and Mr David Steel, the Liberal leader, both made clear that securing proportional representation would be their top priority after the next election. Agreement to electoral reform would be the condition for Alliance support of any other parties forming a Government, or for Alliance participation in any coalition.

Mr Steel stressed that the Alliance would not be willing to accept the offer of a royal commission to study PR since the necessary examination had already been carried out and reform was a matter of political will.

The proposals published yesterday represent a compromise between the Liberals' long-standing commitment to the single transferable vote and the desire of the leaders of both parties to maintain maximum flexibility after the next election. The report leaves scope for negotiation with other parties about the precise form of any change, though it expresses a strong preference for community proportional representation.

The report has been produced by a group of politicians and academics under the chairmanship of Sir Henry Fisher from Oxford. The members include Mr Jenkins, Mr Steel, Dr David Owen, Mr Robert Maclennan, Mr Alan Beith and Mr Tom Ellis, all MPs, as well as academics like Prof Ralf Dahrendorf and Mr Vernon Bogdanor.

The report suggests dividing the country into about 143 new constituencies returning from one to eight MPs each. Each voter would cast his or her vote preferentially, marking a ballot paper one, two, three and so on.

The intention is that the distribution of constituencies should match natural geographical and political communities. Examples of single member seats would be Orkney and Shetland, and the Isle of Wight, while seven or eight member constituencies would be cities such as Liverpool or Leeds.

The commission believes that its recommended system combines three advantages which make it particularly suitable for Britain:

1—Close proportionality between the votes cast for a party and the seats it wins, thus producing a House of Commons in which a parliamentary majority can only be secured through a popular majority.

2—Natural community constituencies which would be drawn up with a close regard to political geography so that the citizens of an era who share their common lives will share representation.

3—Preferential voting which will enlarge the voters' choice, thus producing more balanced representation and more responsive and representative MPs.

The commission also recommends that this system should be used for local government elections.

The report discusses alternative electoral systems and gives "particularly serious consideration" to the additional member system based on that used in West Germany, which has been favoured by some Conservative supporters of electoral reform.

Although this is not the commission's first recommendation, and despite certain disadvantages, it is thought to be far superior to the present first-past-the-post system and therefore potentially acceptable if it proves to be the only way of achieving electoral reform.

This passage clearly indicates the desire, if necessary, to attract potential Tory support for PR after the election, even though the Alliance hopes to persuade people of the merits of its own preferred option.

The report admits that its suggestion would not produce absolute proportionality between votes and seats since it wishes to take into account the influences of natural communities, but it is estimated that there would only be a discrepancy of 3 or 4 per cent of seats at most. The report points out that this discrepancy would pale into insignificance compared with the present system.

In conclusion, the commission argues that electoral reform "is an essential pre-condition of creating a fair and tolerant society which Liberals and Social Democrats seek. Proportional representation is not a panacea for all of the country's ills, but without an electoral system which reflects public opinion more accurately, we do not believe that any Government will be able to achieve the economic advancement or social progress upon which the future of this country depends."

Electoral Reform, published on behalf of the joint SDP/Liberal Alliance Commission on Constitutional Reform by Poland Street Publications, 9 Poland Street, London W1, £1.95.

Walker still hopes for fish accord in September

BY OUR PARLIAMENTARY CORRESPONDENT

MR PETER WALKER, Minister of Agriculture, told the Commons yesterday that he still believed there was a good prospect of getting an agreement on a common European Community fisheries policy before present arrangements ran out at the end of the year.

Making a statement on this week's meeting of the Council of Agricultural Ministers, Mr Walker faced concerned from both sides of the House about the threat to the British fishing industry if no agreement is reached at the council's next meeting in September.

The latest difficulty in the long negotiations comes from the refusal of the Danish delegation to approve measures involving agreements with Norway. This prevents the European Commission from negotiating total allowable catches with the Norwegian Government.

Fears were also expressed by MPs that Mr Walker might reach an agreement with Britain's nine Community partners during the long Commons recess, which starts at the end of next week.

Mr Norman Buchan, Labour's agriculture spokesman, argued that a final agreement which would affect the British fishing industry for the next 10 or 20 years should not be arrived at without the prior approval of parliament.

Mr Walker refused to give an undertaking that he would not reach such an agreement during the summer, if, in his opinion, the terms were favourable to Britain.

Mr Buchan said there was sombre concern in the House that the clock was "ticking away very loudly," and he wanted to know precisely what contingency plans the Minister had in mind for next January.

Mr Walker made clear that he did not think this situation would arise because he hoped for agreement in September. He emphasised, nevertheless, that there would be no question of allowing Community vessels to fish up to Britain's beaches.

Mr David Penhaligon (Lib Truro) asked whether he would give an assurance that in no circumstances would this be allowed. The Minister replied: "Yes, sir."

Falklands restrictions eased

By Margaret Van Hattem, Political Staff

THE GOVERNMENT has lifted the 200-mile total exclusion zone around the Falkland Islands, but has introduced limits on Argentine aircraft and vessels in a 150-mile zone.

No decision has yet been taken on economic sanctions, including the freezing of Argentine financial assets in the United Kingdom. The Government is understood to be awaiting signals that Argentina would be ready to reciprocate by relaxing its own sanctions against Britain, particularly the withholding of debt interest payments.

Details of the new limits on Argentine movements in the south Atlantic were announced by the Prime Minister yesterday in a written reply to Mr Tam Dalyell, (Lab, West Lothian).

Mrs Thatcher said Port Stanley harbour and Port Stanley airfield, together with the three-mile coastal belt around the Falklands, would remain closed to commercial shipping and aircraft until further notice.

Britain would no longer regard as hostile any Argentine warship or military aircraft found more than 12 miles from the Argentine coast. But it had asked the Argentine Government, through the Swiss Government, to keep its warships and military aircraft out of the new 150-mile zone.

Argentine civil aircraft and shipping have been asked to seek British permission before entering this zone and to stay clear of other British dependencies in the south Atlantic.

'Evasive reply' on police corruption angers Steel

BY OUR PARLIAMENTARY STAFF

THE LIBERAL leader, Mr David Steel, told the Commons yesterday that following the Operation Countryman inquiry into alleged corruption in the Metropolitan Police, the names of a number of police officers had been given to MPs of all parties.

He suggested to the Prime Minister that in view of the difficulties involved in bringing substantial prosecutions, action was needed by the Government to end what seemed to be a network of corruption, threatening to bring the police service into disrepute.

Mrs Thatcher replied that she was concerned at the way people were "hitting out" at the police at the moment.

She declared: "The police are the first to wish to uproot any corruption there may be. They are the first to wish to protect their good name."

The Prime Minister maintained that the vast majority of police officers carried out their duties magnificently, putting themselves at risk so that the public could be protected. Seven police officers had lost their lives this year.

In a statement later, Mr Steel described the Prime Minister's response as "wholly inadequate, evasive and irrelevant."

He protested: "We do not need lectures about the dedication of the police service—we all have cause to recognise and be grateful for that."

Mr Steel said his concern was the failure to tackle the alleged network of corruption and dishonesty in one unit.

Operation Countryman had cost the taxpayer £4m and appeared to have been frustrated.

Names of senior officers had been supplied to MPs and it was essential that the Government should take some action.

Mr Steel is seeking an early meeting with Mr William Whitelaw, the Home Secretary, for a further discussion of the issues involved.

● The cost of policing major demonstrations and marches in London last year was about £3.85m, Mr Patrick Mayhew, Home Office Minister of State, said yesterday.

In a Commons written reply, Mr Mayhew said the cost involved gatherings requiring 100 or more police officers.

He added: "This does not include the costs of policing civil disturbances in April and July last year."

Tighter CB law

The Government plans to tighten the law to ban the sale of illegal citizens' band radio equipment, Mr Timothy Raison, Home Office Minister of State, told the Commons yesterday.

During Question Time he said that measures to strengthen enforcement powers to control illegal CB transmissions and to ban the sale of illegal equipment would be included in the Bill to sell off part of British Telecom.

"Our proposals will cover the sale and advertising of the kind of equipment we do not want," he added.

Body set up to dispose of nuclear waste

By Maurice Samuelson

A NEW ORGANISATION has been formed to handle the disposal of nuclear waste from Britain's power stations, industry, laboratories and hospitals.

The body, to be called the Nuclear Industry Radioactive Waste Executive, will be responsible for disposing of waste with intermediate levels of radiation, of which Britain is expected to generate about 4,000 tonnes a year until the end of the century. From next year, it will also be responsible for disposal at sea for 20,000 tonnes a year of low-level waste.

The executive has been set up in preference to an alternative plan, for a sparate Nuclear Waste Disposal Corporation favoured by the Royal Commission on Environmental Pollution in its Flowers Report of 1976.

NIREX, as the new body is called, is being set up by British Nuclear Fuels, the electricity generating industry, and the UK Atomic Energy Authority, which will each cover a third of its running costs.

Details of the Executive appear in a White Paper on Radioactive Waste Management, which Mr Tom King, Environment Services Minister, presented to Parliament yesterday.

Disposal operations over the next 10 years are expected to cost roughly £65m.

NIREX will operate from Harwell under a directorate representing different sections of the nuclear industry. Its chairman will be Dr Lewis Roberts, a member of the UKAEA and director of Harwell.

The Government will continue to turn for independent advice to the Radioactive Waste Management Advisory Committee, set up four years ago in the wake of the Royal Commission on Environmental Pollution.

The White Paper says that it is important to remedy the lack of suitable facilities for disposing of intermediate level wastes which it describes as "the major current gap in waste management."

It confirms that work is proceeding on a number of options, including an "engineered" trench of about 20-30 metres depth, and a modified mine or purpose-built cavity at greater depth.

In a Press conference immediately after Mr King's announcement, Dr Roberts, the NIREX chairman, said he recognised that there might be "some opposition" when the executive proposed exploratory drilling for a suitable test site.

At the end of last year, the Government abandoned a controversial programme of geological drilling tests to establish the feasibility of storing high level nuclear waste underground in Britain.

However, any drilling proposed by NIREX would relate only to the disposal of waste with much lower levels of radioactivity.

Winnick drops out of race for Labour treasurer

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR'S far left is only going to run one candidate for the job of party treasurer after all. Mr David Winnick, MP for Walsall North, has agreed to withdraw and give Mr Michael Meacher, (Oldham Wes) a clear run.

Nevertheless, the right's candidate Mr Eric Varley, looks almost certain to hold on to the job which he won from the left's candidate, Mr Norman Atkinson, last year.

Boh the left and right regard the elections for Labour's national executive committee, which tak eplace at the party conference, as crucial. Last year, the moderates made five gains, giving Mr Michael Foot, the party leader, a narrow majority on the executive.

It is this majority which has enabled Mr Foot to get the party to take action against the Militant Tendency. For this reason, the far left is desperate to reverse the gains made by the right last year, but the signs are that it will not succeed.

The far left is doing all it can to replace Miss Joan Lestor—once regarded as a left-winger, but now a loyal supporter of Mr Foot. It may succeed, but defeat seems likely for its candidate, Mr Les Huckfield, in the co-operative section. Mr Huckfield is almost certain to be replaced by Mr Foot's parliamentary private secretary, Mr John Evans. There is also a possibility that Miss Joan Maynard, another of the group which votes regularly for Mr Tony Benn, might lose her seat in the women's section.

The left believes it may have a chance of making a gain in the trade union section, but overall it does not appear to expect to regain control of the executive. Its fear is that the right will consolidate its position and that Mr Benn will then be ousted from his influential job as chairman of the executive's home policy committee.

Margaret van Hattem adds: Mr Benn yesterday fired off his first riposte in what promises to becoming a running battle with Labour's chief whip, Mr Michael Cocks.

Mr Cocks and Mr Arthur Palmer, who, like Mr Benn, represent Bristol constituencies, had challenged Mr Benn to make good his promise to "fight like a tiger" against victims of ideological witchhunts in the Labour Party, and to do so on behalf of three right-wing councillors dropped from the list of local government candidates in his own constituency of Bristol South East.

Mr Benn insisted yesterday that the councillors could not be considered victims of a left-wing purge. They had, he told Mr Cocks in an open letter, not been expelled by had merely failed to gain approval as candidates. Those privileged to serve as MPs or councillors, he argued, did not hold their offices as of right.

Condemnation for teachers' ban on police

MR PATRICK MAYHEW, Minister of State for Home Affairs, told MPs yesterday that he was "furious" when he heard that a National Union of Teachers branch in Hackney, East London, had barred the police from contact with children in local schools.

Speaking at Question Time, the Minister said: "We cannot succeed in the fight against crime until the standards of ordinary people are enlisted to point out how cruel, unfair and dangerous it is. That is what makes it so wicked for teachers and their union in Hackney—and I understand in Lambeth—to instruct their members to withdraw co-operation in schools from the police."

Mr Stanley Clinton Davis (Lab., Hackney Central), the local MP, joined in the condemnation, saying the bar was urged by irresponsible elements. "I and many others deplore such advice," he said.

The teachers' ban was reported on July 13. Senior police officers were quoted as criticising the local N.U.T. branch for refusing police entry to schools in Hackney to deliver talks, despite the willingness of head teachers and the pupils themselves.

'Horrifying' report on mental hospital

MENTAL patients in a Welsh hospital have for years suffered deplorable conditions, the Government disclosed yesterday.

A report which one MP described as telling an "appalling and horrifying" story said wards were filthy and stank of urine andfemale patients sat naked on commodes despite the presence of male visitors.

Mr Nicholas Edwards Secretary of State for Wales, told MPs of action to shake up management structures and remedy the situation. In a statement on a National Health Service report on the state of St Davids Hospital, Carmarthen, he stressed that the central theme of thereport was the total lack of effective maangement structure and control.

In the report a team from the NHS Health Advisory Service spoke of a "marked absence of discernible, credible leadership," and added: "No one seems to be responsible and accountable."

The Minister said he would immediately bring in "outside expertise" to improve management structures and attitudes in the Dyfed services and set up a review group to make sure the situation improved.

The group would report directly to him.

BBC and ITN criticise Defence Ministry

BY ANDREW WHITLEY

A RUNNING conflict between Britain's television companies and the Ministry of Defence over the Falklands crisis came into the open yesterday when BBC and ITN executives gave evidence to the House of Commons Defence Committee.

In formal evidence to the committee the BBC said the Ministry of Defence came close to losing its credibility over its handling of information. Attempts were made to "manage or manipulate" the news, even within the identifiable parameters of security.

Mr Alan Protheroe, the corporation's assistant director general, was closely questioned over his statement that the second filter of censorship in London on reports coming from journalists with the Task Force operated in a confused and inconsistent manner.

There was praise from the committee for what one member described as the "excellence" of the BBC World Service's coverage of the conflict. Mr Protheroe also acknowledged that radio facilities for journalists in the fighting zone had been very good.

The main problem, however, arose over the lengthy delays encountered in obtaining television pictures of the dramatic events. Both Mr Protheroe and Mr David Nicholas, editor of Independent Television News, claimed that it would have been technically possible to obtain immediate satellite coverage from the Falklands, but that the Ministry had been unco-operative.

The two television networks approached the Ministry to ask the Pentagon in Washington for permission to use facilities available with a U.S. satellite, having been led to believe that this would be acceptable to the Americans, but a formal request from the British to the U.S. Government was, apparently, never made.

Both witnesses criticised inconsistencies between the handling of news by officials and servicemen with the Task Force and those in London. Mr Protheroe told Mr Bruce George, a member of the committee, that in one celebrated case — the confirmation by defence officials of an imminent attack on Goose Green—officially transmitted information had actually helped endanger British servicemen's lives.

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telex: (Advertising) 885033. Telegrams: Finantimo, London. Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone: 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone: 7598 157.

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527. Tel: 276 796.
Birmingham: Editorial and Advertising George House, George Rd., B15 1PG. Telex: 338650. Tel: 021-454 0922.
Bonn: Pressehaus 11/104 Heussallee 2-10. Telex: 8869542. Tel: 210039.
Brussels: 39 Rue Ducale. Telex: 23283. Fax: 512 1404. Tel: 512 9037.
Buenos Aires: Edificio Sfico Piso 7, No. 74 Avenida Corrientes 456, Codigo 1366. Tel: 394786.
Cairo: P.O. Box 2040. Tel: 751482.
Dublin: 25 South Frederick St., Dublin 2. Telex: 25414. Tel: Dublin 603378.
Edinburgh: Editorial and Advertising 37 George Street, EH2 2HN. Telex: 72484. Editorial Tel: 031-226 4120. Advertising Tel: 031-226 4139.
Frankfurt: Editorial Frankenallee 71-81. Telex: 416052. Tel: 7598 157. Advertising Guiollettstr. 54. Telex: 416193. Tel: 7598-0.
Hong Kong: Room 302, Hang Chong Building, 5 Queens Road Central. Telex: 75204 HX. Tel: 5-235166.
Johannesburg: P.O. Box 2128. Telex: 8-6257. Tel: 838-7545.
Leeds: Advertising Permanent House, The Headrow. Tel: 0532 454969.
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533. Tel: 362 508.
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772.
Manchester: Editorial and Advertising Queen's Hse., Queen St., M2 5HT. Telex: 666813. Tel: 061-834 9381.
Mexico City: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 535 1368.
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 413300 Finance. Tel: 243 1635.
New York: Editorial and Advertising 75 Rockefeller Plaza, N.Y. 10019. Editorial Telex: 66390. Tel: (212) 541 4625. Advertising Telex: 238409. Tel: (212) 489 8300.
Paris: Editorial and Advertising Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01. Telex: 220044. Tel: 297 2000.
Rio de Janeiro: Rio Branco 45, Salas 2611-2612, Centro DEP 20090, Rio de Janeiro RJ Brazil. Tel: 263 8845. Telex: c/o Reuters.
Rome: Editorial Via della Mercede 55. Telex: 610032. Tel: 678 3314.
Stockholm: Editorial Svenska Dagbladet, Raalambsvagen 7. Telex: 17603. Tel: 50 60 88.
Tokyo: Editorial 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358. Tel: 241 2920. Advertising Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: 127104. Tel: 295 4050.
Washington: Editorial 914 National Press Building, Washington D.C. 20045. Telex: 440340. Tel: (202) 347 8676.

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

All advertising is subject to the publisher's current terms and conditions, copies of which are available on request.

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 1.00 pm News After Noon. 1.45 Bod. 2.15 Racing from Ascot. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Jigsaw. 5.10 Three Gifts for Cinderella. 5.35 Paddington.
5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Tom and Jerry in "Lonesome Mouse."
7.05 Best of the West.
7.30 It Ain't Half Hot Mum, starring Windsor Davies.
8.00 The Royal Tournament from Earls Court, London.
9.00 News.
9.25 The Royal International Horse Show from Wembley Arena featuring The John Player Grand Prix of Great Britain.
10.45 West Country Tales (London and South East only).
11.15 News Headlines.
11.20-1.00 am The Late Film: "A Kiss Before Dying," starring Robert Wagner, Jeffrey Hunter, Virginia Leith and Joanne Woodward.

Tonight's Choice

One by one our childish images are destroyed. Now Best Of The West (BBC-1) threatens to do for the Western what Soap did for the soap opera. Well, the soaps survived so one imagines the hills and prairies will too after this tongue-in-cheek amble into cowboy country.

If you really are into horses and uniforms you might as well leave the BBC-1 button firmly pushed down, what with It Ain't Half Hot Mum, followed by the Royal Tournament, followed by the Royal International Horse Show. Even the News these days can be counted on for some real life martial arts.

There is certainly not much on ITV to tempt anyone to switch, apart from Rep, another of those compelling nostalgia shows, this time set in the immediate post-war days and full of Repertory starlets and randy American servicemen.

As this column has said before. Thank heavens for Radio 4 on Friday evening. Perhaps things will get better when the talented Mr Jeremy Isaacs brings his Fourth Channel show to our screens.

ARTHUR SANDLES

BBC 2

6.40-7.55 am Open University.
10.30 Play School.
3.10 Essen in the Third Reich.
5.25 Weekend Outlook.
†5.40 Laurel and Hardy.
6.05 Yesterday's Witness in America.
6.55 Six Fifty-Five Special.
7.20 News Summary.
7.25 Gardener's World.
7.50 Whatever Happened to Britain?
8.15 Summer Festivals.
9.00 My Music.
9.25 Globe Theatre.
10.50-11.40 Newsnight.

LONDON

9.30 am Tatters. 10.25 In the Arms of the Octopus. †10.40 "Broadway Limited": starring Victor McLaglen and Dennis O'Keefe." 12.00 Wincey's Pets. 12.10 pm Once Upon A Time. 12.30 Hands. 1.00 News plus FT Index. 1.20 Thames News with Jane Corbin. 1.30 About Britain. 2.00 pm Not For Women Only. †2.45 Friday Matinee: The Marx Brothers in "The Big Store." 4.15 Dr Snuggles. 4.20 Razzmatazz. 4.45 Freetime. 5.15 Film Fun with Derek Griffiths.
5.45 News.
6.00 The 6 O'Clock Show
7.00 Winner Takes All presented by Jimmy Tarbuck.
7.30 Magnum
8.30 Rep starring Iain Cuthbertson, Stephen Lewis and Patsy Rowlands.
9.00 The Gentle Touch starring Jill Gascoine.
10.00 News.
10.30 On the Line.
11.30 The Great Depression — Britain: Gold, Sweat and Tears.
†12.30 am Rawhide starring Clint Eastwood.
1.30 Close: Sit Up and Listen

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Cartoon Time. 9.40 The Amazing Years of Cinema. 10.05 Tarzan. 10.55 Portrait of a Village. 11.20 Alphabet: The Story of Writing. 11.50 Wattoo Wattoo. 12.30 pm A Better Read. 1.20 Anglia News. 2.45 Friday Film Matinee: "John and Julie." 6.00 About Anglia. 10.30 Members Only. 11.00 Target Bowls. 11.30 Friday Late Film: "Fraulein Doktor," starring Suzy Kendall and Kenneth More. 1.20 am Many Tongues.

BORDER

9.30 am An Outline History of Europe. 9.55 Stingray. 10.20 Last of the Wild. 10.40 The Beachcombers. 11.00 Sesame Street. 12.30 pm A Better Read. 1.20 Border News. 12.45 Film: "The Arsenal Stadium Mystery." 6.00 Lookaround Friday. 6.30 The Entertainers. 7.30 Trapper John MD. 9.00 On the Line. 10.30 Your MP. 11.00 Target Bowls. 11.30 Border News Summary.

CENTRAL

9.55 am The Wild, Wild World of Animals. 10.20 Gardening Time. 10.45 Zoom the Dolphin. 11.10 History of the Grand Prix. 11.35 Contrasts. 12.30 pm A Better Read, introduced by Tom Coyne. 1.20 Central News. †2.45 Summer Afternoon Comedy: "The Crazy World of Laurel and Hardy." 6.00 Central News. 7.30 Trapper John MD. 9.00 On the Line. 10.30 Soap. Central News. 11.05 The Police Story Movie.

GRAMPIAN

9.40 am First Thing. 9.45 Sesame Street. 10.40 Call It Macaroni. 11.05 Thunderbirds. 11.55 The Adventures of Parsley. 12.30 pm A Better Read. 1.20 North News. 2.45 Friday Matinee: "Orders Are Orders," starring Margot Grahame, Maureen Swanson and Sidney James. 6.00 Summer at Six. 6.30 Diff'rent Strokes. 9.00 On the Line. 10.30 Friday Late Night Film: "Twins of Evil," starring Peter Cushing. 12.10 am North Headlines.

GRANADA

9.30 am An Outline History of Europe. 9.50 Stingray. 10.15 Last of the Wild. 10.35 The Beachcombers. 11.00 Sesame Street. 12.30 pm A Better Read. 1.20 Granada Reports. 2.15 Friday Matinee: "Devil on Horseback," starring Googie Withers. 6.00 Jangles. 6.30 Granada Reports. 7.30 The Fall Guy. 9.00 On the Line. 10.30 Bizarre. 11.00 One to One. 11.30 The Savage West.

HTV

9.55 am Early Morning Picture Show. 10.20 The New Accelerators. 10.45 Wonders of the Underwater World. 11.10 The Flying Kiwi. 11.35 Target Bowls. 12.30 pm A Better Read. 1.20 HTV News. †2.45 Friday Film Matinee: "Miss Robin Hood," starring Margaret Rutherford. 4.15 Warner Brothers Cartoon. 6.00 HTV News. 6.30 Let's Go. 9.00 On the Line. 10.28 HTV News. 10.30 Friday Night Thriller: "Death in Small Doses." 12.00 Living Legends of Jazz and Blues: Dizzy Gillespie.

HTV CYMRU/WALES—As HTV WEST except: 10.20-11.10 pm Palmerstown. 12.00-12.10 pm Bath Am Stori? 4.15-4.45 Noddi's Adar. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 The Muppet Show. 10.30 The Royal Welsh Show 1982. 11.00-12.20 am Friday Night Thriller.

SCOTTISH

10.00 am Spread Your Wings. 10.25 Nova. 11.10 Adventures of Black Beauty. 11.30 Johnny's Animal Operas. 12.30 pm A Better Read. 1.20 Scottish News. 12.45 Friday Film Matinee: "Take My Life," starring Hugh Williams, Greta Gynt, and Marius Goring. 5.15 Private Benjamin. 6.00 Scotland Today. 6.30 Happy Days. 7.30 The Fall Guy. 9.00 On the Line. 10.30 Ways and Means. 11.00 Late Call. 11.05 Thriller.

TSW

9.25 am Sesame Street. 10.25 Comic Stories. 10.40 Clapperboard. 11.05 The Extraordinary People Show. 11.30 Fangface. 11.55 Look and See. 12.30 pm A Better Read. 1.20 TSW News Headlines. 2.45 "The Small Back Room," starring Robert Morley. 4.12 Gus Honeybun's Magic Birthdays. 6.00 Today South West. 6.30 What's Ahead. 7.30 Hart to Hart. 9.00 On the Line. 10.32 TSW Late News. 10.35 Target Bowls. 11.05 Continental Cinema: "Forbidden to Know." 12.45 am Postscript. 12.50 South West Weather.

TVS

9.35 am Our Incredible World. 10.00 The Amazing Years of Cinema. 10.25 Comic Stories. 10.30 European Folk Tales. 10.40 Clapperboard. 11.05 The Extraordinary People Show. 11.30 Falcon Island. 12.30 pm A Better Read. 1.20 TVS News. 12.45 Friday Matinee: "Take My Life," starring Hugh Williams and Greta Gynt. 6.00 Coast to Coast. 6.30 Friday Sportshow. 7.30 The Streets of San Francisco. 9.00 The Gentle Touch. 10.30 On the Line. 11.30 Down Under. 1.10 am Company.

TYNE TEES

9.25 am The Good Word. 9.25 North East News. 9.30 The World We Live In. 9.55 Hannah Barbera Classics. 10.45 Fashion Today. 11.00 Sesame Street. 12.30 pm A Better Read. 1.20 North East News and Lookaround. 2.45 Friday Matinee: "For the Love of Ada," starring Irene Handl. 6.00 North East News. 6.02 The Reel World. 6.30 Northern Life. 9.00 On the Line. 10.30 North East News. 10.32 Friday Night Movie: "Moments," starring Keith Michell and Angharad Rees. 12.30 am Hexham Male Voice Choir.

YORKSHIRE

9.30 am Sesame Street. 10.30 Wild, Wild World of Animals. 10.55 It's a Musical World. 11.40 Between the Tides. 11.55 Captain Nemo. 12.30 pm A Better Read. 1.20 Calendar News. †2.45 Friday Film Matinee: "Take My Life," starring Hugh Williams, Greta Gynt, Marius Goring and Rosalie Crutchley. 6.00 Calendar. 6.30 Calendar Summer Sport. 7.30 The Streets of San Francisco. 10.30 On the Line. 11.30 Mannix.

RADIO

(S) Stereo broadcast (when broadcast on vhf)

RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.00 Mike Read. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart direct from Portrush, Co. Antrim. 4.00 David Hamilton (S). 5.45 News. Sport. 6.00 John Dunn (S). 8.00 Friday Night is Music Night, from the Gloucester Hall, Fort Regent, Jersey. Iain Sutherland conducts the BBC Concert Orchestra (S) including 8.50-9.10 Interval. 9.55 Sports Desk. 10.00 The Grumbleweeds. 10.30 Alistair Cooke (including 11.02 Sports Desk) The Tunes and the Times. 1946-1947. 11.05 Gillian Reynolds presents Round Midnight (stereo from midnight). 1.00 am Night Owls. 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued) (S). 9.00 News. 9.05 This Week's Composer: Smetana (S). 10.00 Deakin Horn Trio (S). 10.55 Beethoven (S). 11.35 Strauss and Mahler song recital (S). 12.15 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Midday Concert, part 2 (S). 1.40 Ives: String Quartet No. 2 (S). 2.10 Haydn Piano Sonatas (S). 3.00 A Cricket on a Hearth, music by Karl Goldmark, and a work by Reznicek (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Another World (S). 7.00 Let the Peoples Sing (S). 7.30 Proms 82 from the Royal Albert Hall, London, part 1: Mozart, Brahms (S). 8.30 Herzen in Nice by Piers Paul Read. 8.50 Proms 82, part 2: Hugh Wood, Dvorak (S). 9.55 The Living Poet (Peter Redgrove). 10.15 A Mighty Handful (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel, Continental travel. 9.00 News. 9.05 Desert Island Discs (S). 9.45 A Sideways Look at . . . . by Anthony Smith. 10.00 News. 10.02 Groundswell. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Daughter of the Planets (S). 11.48 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 The Poles—What Kind of Revolutionaries? 4.10 Cinema up to Now. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 International Assignment. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon with recordings from the BBC Sound Archives. 12.00 News.

FT COMMERCIAL LAW REPORTS

'String' reinsurer bound by declarations

CITADEL INSURANCE COMPANY v ATLANTIC UNION INSURANCE COMPANY

Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice Oliver and Lord Justice Kerr): July 20 1982

WHERE A reinsurer accepts open cover liability for declarations of original risk made to brokers by the reinsured in a reinsurance string, either directly or through other brokers, a contractually binding obligation arises between the reinsurer and reinsured upon receipt of such declarations by the brokers; and the court may order service of breach of contract proceedings out of the jurisdiction if the law most closely connected with receipt of the declarations is English law.

The Court of Appeal so held when allowing an appeal by Citadel Insurance Company from Mr Justice Bingham's refusal of leave to serve out of the jurisdiction in proceedings against Atlantic Union Insurance Company.

Order 11 rule I of the Rules of the Supreme Court provides: ". . . service of a writ, out of the jurisdiction is permissible with the leave of the court . . . (f) if the action . . . is . . . in respect of . . . a contract which (i) was made within the jurisdiction, or (ii) was made by or through an agent trading . . . within the jurisdiction, or (iii) is . . . governed by English law."

* * *

LORD DENNING, Master of the Rolls, said that various hulls of ships all over the world were insured by primary insurers. In the present case primary risk was taken by Citadel, a Canadian company. It operated through a subsidiary, Canadian International Marine Underwriters (CIMU), which accepted insurance and placed reinsurance on its behalf.

CIMU placed reinsurance through New York brokers who operated through London brokers. The reinsurance was covered by Atlantic, a Greek company, which in turn placed its reinsurance with reinsurers all over the world. There was a string of reinsurers.

Citadel, as the reinsured, sued Atlantic, as reinsurers, in London, by a writ issued in England, in respect of a balance of account owed to it by Atlantic. As Atlantic was incorporated in Greece, Citadel asked leave of the court to serve proceedings out of the jurisdiction under Order 11. Leave was refused and Citadel now appealed.

The claim was based on open cover issued in London by the London brokers on account of the New York brokers. All the operative transactions were done in London by the London brokers in two capacities: in regard to the New York brokers, and in regard to Atlantic. All books and accounts were kept and dealt with in London. The contract was made in London, and the open cover was made in London.

The law of the contract was plainly English law. The case came fairly and squarely within Order 11 rule 1 and was a proper case for service out of the jurisdiction. The appeal should be allowed.

Lord Justice Oliver agreed.

*

LORD JUSTICE KERR, also agreeing, said that in 1975 the New York brokers wanted a "Hull Open Cover" reinsurance facility for their clients. They approached the London brokers who placed the open cover with Atlantic.

The contractual arrangement was evidenced by a "slip" prepared by the London brokers in London. There was some contention as to where it was initialled on behalf of Atlantic. Wherever it was initialled, it was a contract between the New York brokers and Atlantic, through the London brokers, as agents. It therefore fell within Order 11 rule 1(f)(ii). Citadel was not a party to that contract.

Though no consideration moved from the New York brokers, Atlantic bound itself to accept by way of reinsurance any declarations of original risk which might be made by the New York brokers within the terms of the slip.

The London brokers issued a cover note to the New York brokers to confirm the open cover. The cover note incorporated the terms of the slip.

Under the implied terms of the cover note and the slip, the London brokers were concerned with all the documentary and accounting processes of the open cover which Atlantic made available by way of reinsurance to clients of the New York brokers. The centre of gravity of the business between those clients and Atlantic as reinsurers was the London brokers.

Citadel appeared on the scene about a year after the reinsurance slip had been initialled on behalf of Atlantic. It became a client of the New York brokers after the open cover came into force.

For some time declarations of the reinsured risks went from CIMU to the London brokers via the New York brokers. Then it was found to be more convenient to send them direct to London. In January, 1979, the London brokers issued a cover note to CIMU direct for that purpose.

Citadel contended that, through CIMU, declarations were made to the London brokers under the open cover, and that Atlantic owed Citadel a substantial balance under those declarations.

The issue was whether Citadel could sue Atlantic for the outstanding balance in the English courts under the terms of Order 11. The first question was, where and how were the contracts concluded.

The open cover was a standing offer whereby Atlantic agreed to accept liability for any declarations made to the London brokers within the terms of the cover.

The initialling of the original slip, which established the open cover, did not constitute any contract between Citadel and Atlantic. However, whenever any declaration was made thereunder on behalf of Citadel to the London brokers, whether directly by CIMU, or via the New York brokers, a contractually binding obligation was created.

That obligation arose in London on receipt by the London brokers of each declaration. All liabilities flowing from the declarations resulted from their receipt by the London brokers.

Accordingly, the contracts which gave rise to Atlantic's alleged liabilities were made in London through the agency of the London brokers; any failure by Atlantic to put the London brokers in funds was a breach occurring in England; and English law was the system with which the contracts had their closest connection. All the documents were in London and that was the only convenient place for investigating and determining the dispute.

It followed that the case fell clearly and overwhelmingly within Order 11. The appeal should be allowed.

When the Civil Jurisdiction and Judgments Bill came into force, cases such as the present would have to be decided differently. The EEC Convention on Judgments in Civil and Commercial Matters would then be in force, and the general rule would be that defendants domiciled in EEC countries would have to be sued in their own courts.

The only way of ensuring that English courts would have jurisdiction would be if the contract contained an express term to that effect. That would not be permitted in all insurance transactions, but would be permitted in reinsurance cases.

For Citadel: Mark Saville QC and Paul Walker (Ince and Company).

For Atlantic: Ian Kinnell (Stilgoes).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

HALYUDH, who has had just one race since the 1980 campaign, will get few, if any, better chances than this afternoon's at Ascot for returning to the winner's enclosure.

Mr Ravi Tikkoo's Herbager, six-year-old, faces just four opponents—Golden Brigadier, Le Soleil, Grand Maitre, and Brigadier Hawk—in a disappointing affair for the one and a-half miles Sandringham Stakes on the Swinley course, a handicap for three-year-olds and above.

If he is anywhere near his best form of two and three seasons ago, the Robert Armstrong-trained gelding will prove up to giving 9 lb to the Jim Old four-year-old Golden Brigadier.

On his one appearance since that long lay-off, Halyudh ran respectably for some way in Windsor's Beaumont Handicap mile and three furlongs early this month. Certain to be all the better for that much-needed run over what was, in any event, a slightly inadequate trip, Halyudh ought to have too much class for Golden Brigadier. The last-named has disappointed twice since taking advantage of a 5 lb weight concession from Feltwell in Newbury's London Gold Cup.

Vorvados and Brentex, two of the principals in a closely fought race for Sandown's recent Inchcape Handicap, are back in opposition an hour before the Sandringham Stakes. They compete in another five-runner event — the Rous Memorial Stakes.

Vorvados, the winner at Sandown, is 1 lb better off than the fourth, Brentex, who trailed two and a half lengths behind, and there seems no reason why he should not again confirm his superiority.

Peter Walwyn introduces another highly rated filly in Elysian in the Virginia Water Maiden Stakes. Unless the market suggests otherwise, the Seven Barrows filly should not be lightly opposed.

ASCOT

2.00—Thoughtful
2.30—Vorvados**
3.00—Elysian***
3.30—Halyudh*
4.05—Muscatite
4.35—Bond Daler

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Why the Volvo-Beijer merger misfired

BY KENNETH GOODING

VOLVO'S merger with Beijerinvest—the biggest Sweden has ever seen—has not worked out exactly as planned.

Volvo, with its vehicle and engineering interests seeking "growth through energy," joined up a year ago with Beijerinvest, a conglomerate of roughly equal size—in terms of revenues—which made most of its money from oil trading.

The merger documents announced that the new combination would become an investment group which would be called Volvo-Beijer. A finance-investment business would be one of the main elements in the Volvo-Beijer group, alongside the industrial operations.

This concept was accepted without much comment but questions were asked about the two main personalities involved, Pehr Gyllenhammar, the 47-year-old managing director of Volvo, and Anders Wall, 50, who built up Beijerinvest in the 1970s.

Gyllenhammar is one of Sweden's social elite, Wall a self-made entrepreneur. Could they work harmoniously?

From the outset Wall insisted: "Pehr's the boss." And that became obvious when Gyllenhammar emerged as managing director and chief executive officer of the operating board. In the day-to-day operations Wall, in his role as chief executive of an investment and share-dealing subsidiary, reported to Gyllenhammar.

Part-time

Yet the situation was complicated by the fact that Wall also became chairman of the supervisory board—a position which under Swedish law excluded him from any role on the group operating board.

Now changes are taking place which will strengthen Gyllenhammar's position and reduce Wall's role to that of part-time chairman (although he has said this position will claim most of his working time).

It has been decided that Volvo will not become an investment group after all. Nor, in the circumstances will the name, which is worth a great deal of goodwill world wide, be altered.

The share dealing arm, which accounted for about a tenth of the merged group's pre-tax income in 1981, will be sold off in September and Volvo will retain no interest in it whatever. Wall will remain chairman of the investment company and so have no day-to-day job within Volvo.

Gyllenhammar insists that there was "no collision or conflict" between himself and Wall. "The secret of any successful acquisition is to make room for personalities" he adds. "But industrial companies need managers with persistence and who take account of the long-term interests of their company. Short-term dealings in shares do not fit in with this industrial image."

During the past year there have been two incidents where this conflict of image became glaringly apparent. The first involved dealings by Volvo's investment arm in Scandinavian Airlines stock, the other concerned dealings in shares of a small retail business in which a former Swedish Prime Minister has a holding.

On both occasions the public interest aroused caused Gyllenhammer personally to be drawn unwillingly into the national debate which took place in Sweden. "I began to see that if we kept the investment company there would be four or five occasions a year when I would have to answer questions about Volvo's share dealings," he says.

The official reason given for the decision to sell the investment company was that it was now realised that it would be more favourable as far as the Volvo group's tax treatment was concerned. While that was part of the story, the fact that the non-productive investment business never much appealed to Gyllenhammar was also an important consideration.

However, the enlarged Volvo group seems to have successfully brought together a diversity of management styles into a new structure.

In the words of Volvo's London stockbrokers W. Greenwell and Co., just before the disposal of the investment subsidy was announced in late May: "The original Volvo product mix, involving relatively high capital intensity, necessitates a painstaking and methodical approach to long range planning since the opportunity-risk parameters are great. On the other hand Beijerinvest's activities, largely oriented to commodity trading and investment portfolios, and in the case of food processing relatively low capital intensity, lend themselves to a more entrepreneurial, opportunistic approach.

After cementing Sweden's largest merger in 1980, Anders Wall of Beijerinvest (left) and Pehr Gyllenhammar of Volvo subsequently found the structure unsatisfactory. Under the terms of the resulting demerger, Gyllenhammar will retain the car subsidiary as well as the interests in oil which were formerly part of Beijerinvest. Wall will keep the investment company

"The management structure of the enlarged group seems designed to merge these separate features by providing (a) the requisite degree of corporate control at the centre backed up by financial and planning disciplines and (b) a considerable delegation of responsibility for operational decisions at the subsidiary company level, which probably remains highest in the oil trading and food processing activities."

When the investment business is finally sold, Volvo will be left with four main operations: transport equipment, energy (including the key Beijerinvest oil trading operations): advanced engineering: and food processing.

Gyllenhammar is determined that growth via acquisition will continue, as well as the organic type.

The attractions of the oil trading business, notwithstanding the Beijerinvest acquisition helped to double Volvo's debt to SKr 12bn (£1.18bn) and increase the ratio of debt to shareholders' equity from 74 to 117 per cent. So, to keep the cash flowing, Volvo is selling off assets acquired with Beijerinvest.

Apart from the investment company disposal and various other smaller items, Volvo will sell off 25 per cent of the Scandinavian Trading Company (STC), the oil trading subsidiary, which produced nearly three-quarters of Beijerinvest's income.

Taken together, such sales—including those about to take place—will raise at least SKr 1.2bn (£113m) and, according to Gyllenhammar, "give us the rest of Beijerinvest free of charge."

There has also been a rights issue to raise about SKr 600m (£56.6m).

Some of Volvo's growing cash pile will be used to buy a £43m stake in Hamilton Brothers of Denver—a deal announced in June—which will increase Volvo's interest in "oil in the ground" and oil production.

Gyllenhammar says the money will also enable Volvo to support the basic businesses, make other strategic investments, and "give us the ability to survive should there be another crisis."

He insists: "After going through the late 1970s and seeing companies being crucified, it is up to responsible management to have cash available for times of turbulence." And he adds with a grin: "A time of turbulence is also a time of opportunity (for those with cash)."

Certainly Volvo was able to take advantage of the difficulties of the U.S. truck industry to acquire the bankrupt White Trucks and establish a very firm foothold in the world's largest truck market.

Ironically, in spite of Gyllenhammar's emphasis on building up Volvo's energy-related operations, it was Volvo's traditional businesses, cars, trucks and engineering, which provided most of the SKr 453m (£41m) net profit, on sales of SKr 48bn (£4.53bn) last year.

Some observers have assumed that, once Gyllenhammar completed his restructuring and expansion of Volvo, the time would come for the group to offload its car operations, possibly to Renault which already owns 15 per cent of Volvo Car.

Gyllenhammar will have none of that. "A great part of our credibility as an industrial corporation lies with our ability to manage the car business," he insists.

Good prospects

Volvo Car returned to profit last year but in 1981 it did not have to consolidate its share of the losses from the operations in the Netherlands where the smaller 3-series Volvos are made. The Dutch Government boosted its shareholding in Volvo BV from 45 to 70 per cent in May last year.

Gyllenhammar insists that, even if the Dutch losses had been included, Volvo Car would still have been profitable last year — "the only year it suffered losses was 1980."

He suggests that the problems of the Dutch Volvo business have been "over-dramatised." The Volvo group's investment in the Dutch operations has been SKr 1bn (£94m)—including the financial support it has promised during the next two years — and Gyllenhammar maintains this is "fairly modest because we have had a contribution towards overheads and marketing costs and a new product line (the 3-series cars) with good prospects in some countries."

Volvo's car subsidiary would remain in the black, he said, because it buys in so many components from outside and thus gets the benefit of its suppliers' economies of scale.

It is not just sentiment that will keep the group in the car business. "It is as much a matter of building confidence in Volvo."

How computers can be decentralised

BY ARNOLD KRANSDORFF

COMPUTERS, like humans, are a reproductive lot. Once they establish themselves, they seem to multiply. They used to turn into massive monoliths; now, however, they are forever spawning increasingly smaller offspring.

Managements used to justify the growth of their centralised data processing units by arguing that the larger and more powerful the computer hardware the more cost effective the service it provided. This inevitably led to enormous investment and the creation of an exclusive breed of manager to control these giants.

Now, with the evolution of cheaper and smaller computers for use by the ordinary, non-computer-specialist manager, there is increasing pressure on companies to decentralise responsibility and control of existing computer departments. No longer, for example, will the progressive company look to its corporate DP manager to provide the sole leadership in this area of responsibility.

Instead, this function will increasingly fall to a special executive steering committee—at least in the U.S.

These are the views of Richard Nolan, a consultant specialising in data processing, who has just researched the way 127 U.S. companies are restructuring their computer departments. Nolan is head of Nolan, Norton and Co., of Lexington, Massachusetts.

Writing in the latest issue of the Harvard Business Review,* he says that the large, centralised data processing department is no longer an isolated bastion of arcane knowledge.

"DP managers have seen their power erode as cheaper and smaller computers have spread throughout the organisation and as opportunities have expanded for computer based technology.

"Continued growth of centralised activities has resulted in services of such size and diversity that companies are losing opportunities for cost-effective use. Managers naturally respond to this type of complexity by breaking the organisation into smaller pieces and decentralising.

"The heart of the issue is when and how to decentralise, not whether to do so."

Nolan, who was a former associate professor of business administration at Harvard, believes that the most effective mechanism for restructuring computer departments is the executive steering committee.

Of the companies surveyed, 85 per cent had functioning executive steering committees, compared with less than half in the mid-1970s. The majority of steering committees had between five and 10 members.

"The most useful analogy for the executive steering committee is the company's board of directors; the committee functions as the computer activity's board."

Nolan says that the committee can link business strategy with computer strategy by setting a strategic direction and determining the long-term financial commitment. "It provides a forum where senior managers can discuss this direction, match corporate concerns with technological potential, and build commitment to policies."

Cumbersome

Nolan also reveals a surprising shift in the chairmanship of executive steering committees. In the mid-1970s he estimates that the DP manager served as chairman on at least half.

In the current survey, however, the DP manager chaired less than a fifth of committees, this function being taken mainly by other corporate managers.

"As the use of the computer intertwines more with the strategy of the company, the trend towards top-management chairmanship will probably continue."

Nolan adds: "Though the committee structure has always been cumbersome, and the executive steering committe is no exception, it is proving to be the most effective way to deal with the forces of computer decentralisation without dissipating the company's investments in building a computer capability. It has also proved to be the most effective vehicle for making strategic choices among computer-based technologies and for deciding how fast the company should move toward their adoption."

* *Harvard Business Review, July-August 1982, available from HBR Reprint Services, Boston MA 02163, U.S.*

TECHNOLOGY

EDITED BY ALAN CANE

On the verge of the satellite TV revolution, but what about the talent?

Multi-channel worries for broadcasters

BY GEOFFREY CHARLISH

IF ONE collects together senior executives from broadcasting, telecoms, computing, satellite manufacturing and TV rental, there is always a good chance that a few verbal sparks will fly.

If the discussion embraces both direct broadcast satellites (DBS) and public broadband cable systems—as it did at a City of London conference organised recently by stockbrokers Laurie, Milbank and Company, the focus will sharpen because these are two crucial areas for the future of communications in the UK.

The first allows anyone with a dustbin lid-sized "dish" aerial to receive many TV channels (possibly from various countries) via a satellite, while the second raises the prospect of yet more TV channels and a great deal more information besides, entering premises over specially laid coaxial cables. They are both wideband systems, signifying the ability to receive a great deal of picture—or any other kind of information—simultaneously.

It is this plethora of channels that worries the broadcasters, not the technology.

Michael Checkland, BBC Director of Resources, is obviously concerned about where the talent will come from for so many programmes. The technical ability to put several dozen channels over a coaxial cable or satellite at the same time is one thing, the "software" for them quite another, particularly since both BBC and IBA envisage subscription services, automatically demanding quality.

IBA's latest position, having realised perhaps, that the DBS will not go away, is to think in terms of upmarket, culturally based programmes in a Pan-European service that might be feasible in 1986-87 if, say, 5 per cent of European viewers could be convinced.

Enhancement

But IBA's Director for Programme Scheduling Supervision, Colin Shaw, has similar views to Checkland over quality. UK audiences he says, "have developed considerable expectations about quality."

By comparison with the software, the hardware, for DBS at any rate, seemed less troubled. Alan Jefferis, acting MD of United Satellites (the British Telecom, British Aerospace, Marconi consortium) said that the UK craft, which would have two direct broadcast and four telecoms transponders, will be based on an enhancement of the European Communications Satellite, ECS.

The projected service date is July 1986 and three craft will be built at a total cost of about £100m.

Placed at 31 deg west and 22,800 miles up, Unisat, with 2kW of solar cell power, will cast a —3dB "footprint" (a measure of signal attenuation) on the UK, which means that reception with a 90 cm dish will be possible out to the French coast. The telecoms beam (phone, telex etc for PTTs) on the other hand, will not reduce to —3dB until about northern Italy. Beyond that, bigger dishes are needed, 1.5 metres diameter for example at —8dB, although this is still small by PTT standards.

For domestic reception of the DBS signal, the 90 cm dish and frequency down converter to allow plug-in direct to the UHF aerial socket of the TV set, will cost £250 to £300.

Dr James Cowie, Head of Strategic Studies at BT, focused attention on broadband cable prospects by warning that whatever might be done in the near-term on a private piecemeal basis, probably for local TV, it ought not to degrade longer term national interactive connection requirements—which he described as "ultimately what it is all about."

Cowie clearly feels that BT is the only realistic organisation to co-ordinate the interconnection of existing phone/data networks, intra-company local area networks, the proposed wide area broadband networks and satellite inputs.

Such unification, even if it is possible under a liberalised communications policy, is a long way off. Meanwhile, commercial forces of growing strength are building up.

For example, Michael Aldridge, who runs Rediffusion Computers, thinks that localised development, with local money is the only way forward. He visualises systems with 50,000 to 100,000 sets connected and local organisation to cover such problems as who is to be wired in and who passed by, negotiation of wayleaves and the kind of service local people will want.

Aldridge thinks the "leafy suburban subscriber" may look a good bet but he may turn out to be expensive to wire up due to large property spacings; he will certainly be much more critical about programme material, demanding in addition all sorts of data services. City centre tower blocks may well be a better proposition even although per capita income is much less.

Initial connections will be to ordinary television sets, but later the "smart" set will emerge, allowing for information services and interaction. The real need at the moment, says Aldridge, is for a "supportive regulative environment."

STC's marketing director, Richard Soper, produced a plan which will allow the BT network and its derivatives like System X to prosper side by side with new, privately-owned broadband networks. He postulated a "measure of partition" between that which will be principally broadcast by line and that which will have to be switched to allow for various kinds of high capacity, interactive information transmission. He pointed out that, in any case, with things as electronic mail, home banking and meter reading can be handled now by System X.

Soper stated: "If there is a political imperative to give some competition to BT, or if it were felt that total BT control would inhibit investment by private companies (who will want flexibility in the way they develop their networks) then this degree of partition could be a useful expedient."

How to attract the investment needed which STC feels is nearer to £30bn over 10 to 20 years rather than the £2.5bn suggested by the UK Information Technology Panel's recent report?

Payback

Soper believes there is a mixed requirement. The segment of local area broadband that will provide pay-TV revenue should have a fairly short payback and will be more likely therefore to attract private investment.

On the ther hand, the infrastructure to provide all the other broadband services, heavy with switching and intelligence, will have a longer payback time and will prove more appropriate to investment by BT, which should be able to afford it, suggests Soper, without a drain on public setcor borrowing.

It all looks to be a good thing for STC, which is already well into the optical fibre systems that will be needed.

BROAD BAND NETWORK ARCHITECTURE

STC's view of tomorrow's "wired Britain." System X will carry the phone and non-video data; overlaid on it will be a combination of national and local broadband (BB) connections, either dedicated or broadcast. The former is over regional BB switches (RBBS), digital main switching units (DMSU), digital principal local exchanges (DPLE), local exchanges (LE) and the final distribution point for customers (about 300 at a time) via local BB switches (LBBS). These final switches also distribute the broadcast signals from a "head end" unit which arranges all the channels by multiplexing. Customers are at the same time being provided with phone and low data rate services via primary distribution points (PDP).

Microfiche

Portable reader

A PORTABLE microfiche reader, designed and manufactured in the UK, is now available from Finlay Microfilm, Woodside, Amersham, Bucks (02403 23126).

The FMI allows viewing of 24x document/jacket as well as 42x/48x COM microfiche on a 7 in x 5 in screen. An 8½ in x 11 in screen is also available, or the instrument may be used as a projector.

Fiche or fiche carriers are side loaded with adjustable pressure control for different film thicknesses. Mains or battery power, rechargeable in less than an hour, is available for the unit, which weighs just under 4 lbs. The unit can be split into two sections for carrying in a briefcase, or an optional carrying case with shoulder strap can be supplied.

Basic price is about £123 with discounts for quantity.

Toxic vapours

Charcoal investment

THE TECHNOLOGY investment subsidiary of the Prudential Assurance Company, Prutec, has put more than £0.25m into Charcoal Cloth, which makes the material under licence from the Ministry of Defence using a continuous production process.

The cloth is an improvement on the granular charcoal and charcoal impregnated material widely employed to extract toxic vapours and odours in filters and breathing masks.

The investment will allow the company to treble its output and to aggressively market the product both at home and overseas—eventually it is expected that 70 per cent of sales will come from exports. Charcoal Cloth, is in Wokingham on 0734 788386.

Lorne Barling looks at the work of Warwick University on the right approach to factory automation

Wealth of technology but it is not a panacea for all evils

WARWICK University's department of engineering has become an important point of reference for British companies seeking to approach the automation of manufacturing in the right way.

Professor Kumar Bhattacharyya, professor of manufacturing systems at Warwick points out that there is now a wealth of new manufacturing technology available world-wide, but the greatest difficulty experienced by industry is how to take it up in such a way that it is not used as a panacea for all ills.

Warwick has sought to overcome this problem by becoming closely involved with a small number of companies, such as BL and Rolls-Royce, which have become "teaching company" associates, allowing hand-picked postgraduates to initiate changes in manufacturing techniques under the guidance of senior management.

BL cars estimates that it has achieved annual cost savings of around £4m as a result of this co-operation and has invested £250,000 in expanding and extending the life of the scheme.

Professor Bhattacharyya says that just as doctors need hospitals in which to carry through research, production engineering theories need to be applied in factory conditions to be proved, often to the benefit of the companies.

But he believes that industry is seldom structured in such a way to facilitate the introduction of new techniques, since specialists in various areas are judged on certain objectives, which often conflict with other objectives.

"A company may decide to introduce computer control of certain functions, or group technology, but on their own they fail because a multifactoral approach has not been adopted," he says.

Similarly, the recent publicity concerning computer aided design and manufacturing (CAD/CAM) has led senior managers in many companies to believe that it will solve all their problems says Prof. Bhattacharyya. But this is not always the case, since these could only successfully be applied in certain circumstances.

Some of the problems experienced are a result of having "too much slack in the manufacturing system. When there are too many links in the chain, the benefits are lost because they are not transferred from one end to the other."

Prof. Bhattacharyya believes Britain is now at an industrial crossroads, where it has the ability to capitalise on the range of new techniques available and, perhaps more importantly, to plan the use of technology which will evidently become available in the next five years. "There is world convergence of this technology and we can now see the direction is it goig."

Industrial training is also seen as a vital factor as a result of these changes, as much in relation to training techniques as to training itself, since much greater integration of processes will be needed if companies are to successfully take up new technology.

"We can see or learn all these new techniques and write a report about how they can be used, but that in itself may not create the awareness needed to show how they will affect the total manufacturing system."

He points out that under Warwick's teaching company scheme, every "module" of development is carried out with the involvement of senior management so that its eventual take up is virtually automatic. In other circumstances reports or recommendations are often rejected as being too expensive.

THE ARTS

Brian Cox and Frances Viner

Danton's Death/Olivier

Michael Coveney

Although the National Theatre presented Georg Büchner's hectic masterpiece (in a production by Jonathan Miller) eleven years ago, no excuses need be made for another revival. Especially as the version by Howard Brenton, from a literal translation by Jane Fry, is so powerfully muscular and idiomatically unforced.

The play was written in five weeks in 1835 and you have to wait a good ninety years for a dramatic debut as outstanding as this — and even then, Brecht's *Baal* owes obvious debts to Büchner's blazing originality. *Danton's Death* is an astonishing "young man's" work, but it also has a deployment of poetic imagery and a grasp of political dialectic that belie the author's youth. It discusses the theory of revolution in the wake of the event itself.

Danton is an impassioned moderate, a poet of the human condition, newly reviled by the *unforgiving* virtue of Robespierre and his Committee of Public Safety. When terror *flows from virtue*, says Robespierre, it serves the cause of justice. Such sentiments are *chilling still and lie behind* those bombs in the parks. But one aspect of the play's complexity *resides* in the presentation of both Robespierre and Danton as men haunted by inner voices. As the dramatic concentration swings away from Robespierre towards Danton, you realise that the main difference between the adversaries is that Danton has profited by his soul.

Peter Gill's production takes a time to warm up, but takes off in the National Assembly where the citizens swarm all over the theatre. Two large tricolors sweep down to add a new dimension of public debate. Otherwise Alison Chitty's design of bare boards and five vertical slabs of parquet flooring is not one of the Olivier's more inspired adventures.

Other disappointments are the frightful wigs and the pallid playing of the scenes involving the wives of Danton and Camille (Elizabeth Bell and Caroline Langrishe). These jagged, dream-like interludes have a Shakespearian quality *and, once Robespierre has done* his work, the play settles on that level as it zooms in on the Dantonists preparing for death in the cell. Brian Cox in the title role has just the right balance between animal energy and epicurean proclivities, while John Normington makes of Robespierre a riveting study in thin-lipped authority.

In a large cast, Patrick Drury gives his best National performance as the pedagogic Saint-Just and Peter Sproule finds telling nuance in a vindictive Committee member. The guillotine is horribly realistic, but the snatches of song pose a problem throughout.

Festival of Two Worlds/Spoleto

Ghosts in the heat

In 1969, at the 12th Festival of Two Worlds, Luca Ronconi produced his *Orlando furioso*, a wild, inventive, dazzling, even bewildering homage to Aristo. Though this was hardly his debut, it was, in a sense, his confirmation and it attracted international attention. Since then, he has been everywhere and done everything (opera, television, workshops). But the more he does, the more the unevenness of his inspiration becomes evident. Obviously he is at his best when his hands *are free; but when he chooses* to work against a firm tradition, he becomes capricious, unhelpful. The 19th century bourgeois drama has a strong tradition indestructible; and some years ago, when Ronconi staged Ibsen's *The Wild Duck*, a splendid set and imaginative costumes could not save the play from his perverse, slow-motion staging.

Now, for the 25th Festival of Two Worlds he has returned to Ibsen and presented *Ghosts*. Again, the set is the most impressive aspect of the production. Mario Garbuglia, inside the deconsecrated church of San Nicolò (scene also of *Orlando furioso*), has constructed an immense greenhouse, reminiscent of Kew or of the Bronx Botanical gardens, made of translucent plastic. Both audience and actors are enclosed in this construction; and during the current, fierce Italian heat-wave, the enclosure is a torment for *everyone. The actors* in costumes designed for a Nordic setting, sweat rivers (and matinee performances had to be cancelled in fear for their health); the public, after abandoning jackets and ties, tends also to abandon the play, after the first act, which lasts well over an hour.

Let me confess at once that I too, did not survive the first act; but the heat was not my chief motive for walking out.

From the first exchange, between Regine (Gabriella Zamparini) and Engstrand (Piero Di Jorio), the wrong-headedness of Ronconi's view was clear. Instea dof being a buxom, slightly foolish girl, bursting with life, Regine was a thin, angular desiccated shrew; her father looked more like a clergyman than a carpenter and *was dressed as if he had never* seen a lathe or a hammer, in the most elegant, uncreased attire. But then matters grew worse: Marisa Fabbri, as Mrs Alving,

William Weaver walks out of a Ronconi version of Ibsen

was made to burst into cascades of giggles, fling herself on the furniture, inject grunts and chortles into her speeches and everybody else's. Her son's *madness*, no doubt, came from his father, as Ibsen says; but in this production it could equally have been inherited *from* mother. And the Osvald of Mauro Avogadro was so completely cuckoo from the very beginning that the revelations of later in the play could hardly have been a shock. The vast space of the set forced the characters to shout at one another most of the time; and Ronconi's beloved silences lasted so long that answers sometimes arrived after the questions had been forgotten (as a test, I started counting slowly at the end of one speech; I had reached 30 before the next speech began).

The Teatrino delle sei was invented a few years ago to allow smaller, experimental companies to have a brief say. There, in an old crypt, performances begin at 6 pm (hence the name) and have to end in time for audiences to make 8.30 curtains at the Teatro nuovo or the Teatro Caio Melisso. So, after Ronconi's longueurs, the concision of the producer Giovanni Pampiglione was particularly welcome. Pampiglione is also a linguist, a scholar, who has spent years in Poland; and at the Teatrino he presented his Italian translation *The Octopus* of Stanislaw Witkiewicz, the brilliant, quirkish, avant-garde writer, who died in 1939. One of the big hits of this year's festival, *The Octopus* is a nutty, sometimes acerb, often hilarious discussion of art and utopia and other profound matters. The main characters are a philosopher-artist Paolo (played, in marvellously Slavic Italian by the rubber-faced Jarezy Stubr, an actor of genius) and Pope Julius II, who has been granted an extended leave from Heaven (a beautifully understated performance by Pierre Santini). Then there is a talking statue. Alice D'Or (the lithe and laconic Carla Cassola), and a fake king of Hyrcania (Vittorio Franceschi, whose eyes are *reminiscent* of Akim Tamiroff and whose verve is irresistible).

Though this twenty-fifth festival is not particularly commemorative or retrospective, the visit of the American Ballet Theatre with a programme entirely dedicated to Jerome Robbins did make may old timers shed a nostalgic tear. For with Menotti and Thomas Schippers and Luchino Visconti, Robbins was one of the early heroes of the festival; his *New York Export: Opus Jazz* was, in fact, created for the first festival, in 1958. And its success had, then, the quality of a revelation. Though the choreography has lost none of its vitality and youthful freshness, the music of Robert Prince after a quarter-century reveals its triviality and even the sets by Ben Shahn look a little dated. But, once again, the ballet triumphed, along with *Fancy Free, Afternoon of a Faun*, and *Other Dances* (with Baryshnikov back in form).

Ballet, for that matter, was *an important ingredient* in the festival: other visiting companies included the Washington Ballet and the Dance Theatre of Harlem, and the International Dance Marathon, a Spoleto institution, brought individual artists from everywhere.

The most important art exhibition was dedicated to the drawings and water-colours of Balthus; other exhibitions documented Henry Moore's association with Spoleto and the "Sculptures in the City" event of 1962 in the photographs of Ugo Mulas, a leading Italian artist. There were, of course, the regularly sold-out noontime chamber music concerts and, for movie-lovers, a Marx Brothers retrospective.

Arts money

The Arts Council has approved theatre writing bursaries of £2,000 to Edward Bond and £1,500 to David Drane, Noel Greig, Hanif Kureishi, Natasha Morgan, Kate Phelps, Bruce Bedford, Leslie Davidoff, Seamus Finnegan, Paul Goetzee, Julia Kearley and Karim Alrawi.

Cinema

Nigel Andrews

But Rocky was a hairy man

Star Trek II: The Wrath of Khan (A) Plaza
Rocky III (A) Leicester Square Theatre
The Secret of NIMH (U) Classic Haymarket
Fantasia (U) Odeon Haymarket
Burning An Illusion (AA) Screen on the Green, Ace Brixton

Captain Kirk of *Star Trek* and Rocky Balboa of *Rocky* are the smooth man and the hairy man of modern American pop culture. Audiences searching for a supercool superhero, ever immaculate in braided cerise uniform, will find him in space-maestro Kirk—alias William Shatner. Those requiring 200 pounds of prime Philadelphia meat wired for Neanderthal noises and with mitts like piledrivers will prefer Mr Balboa, played by Sylvester Stallone.

Even the names say it with phonemes. *Kirk: crisp, cultured, cool, contained*, with a hint of a wry smirk. Balboa: *bullish, combative, overbearing*, part Baal part boa-constrictor.

Both heroes march into town this week *with their latest* large-screen adventures, and though signs of wear are upon each, Kirk seems to be staying the course better than Balboa. *Rocky III* is yet another attempt to will the audience up the sheer cliffs of Mount Adrenalin by pitting the eponymous bruiser (now World Heavyweight Champion) against the deadliest boxing contender currently destroying cartilage on the Eastern seaboard. But for the filmgoer it's a too-familiar workout session, as he goes through heavy training for the third time in a row for a Championship climax crowned with what is by now an all-too-predictable result.

Star Trek II: The Wrath of Khan, by contrast, has the light-headed exhilaration of a saga so interminable that it has discovered second, or fourth, or seventh, wind. Having run out of all known plausible ideas for space-adventures about exploring starships, the makers have plunged deep into the implausible. Ricardo Montalban, wearing a low-cut blouse, is our villain, Khan. Deep in interstellar banishment (courtesy of Kirk) he *sneers, snarls* and quotes from the wilder ravings of Melville's Captain Ahab. He *wishes to avenge himself* upon Kirk and will go to any lengths so to do.

Meanwhile whirring out of the star-freckled firmament comes the plot's McGuffin: the secrets of the *highly-classified* new scientific miracle "Project Genesis" (how to generate life on barren planets), over which the two adversaries are fighting.

Director Nicholas Meyer (who made *Time After Time*) plays off the light and the dark of the story against each other with flair and command. The film's *grand guignol* scenes are staged for full spine-chilling value, including the use of lethal giant earwigs as physical persuaders when two captured "Enterprise" crewmen are assisting Khan in his inquiries. But Meyer also sprays the screen with high-grade pomposity-deterrent, and there's a playfully funny subplot about the semi-retired Kirk's recent grapplings with great literature. "It is a far far better thing I do . . ." murmurs the Captain (now an Admiral) as the adventure rolls momentously toward its climax. To which perplexed Bones replies, as any sensible American would, "Are you feeling all right, Jim?"

Rocky III would similarly benefit from a little self-puncturing from time to time. But R. Balboa's has never been the face to launch 1,000 satiric quips: or even one.

The perspiring triumphs, and the man's-gotta-do overreaching, *pummel you once again in this* (sequel), and so does the venerable Hollywood art of montage: *those old-fashioned sequences* that telescope time by jumbling together rapid images while music washes over the passage of days or weeks. Rocky sprinting along a beach: Rocky socking sparring partners in a smoky gym: Rocky quarrelling with trainer Burgess Meredith, a mad mouse with ruby cheeks and grey hair like wisps of volcano smoke: Rocky opening a fete: Rocky romancing with wife Talia Shire: Rocky going umpteen rounds of the fist in the *tingling ring*.

Cinema is based on the Persistence of Vision, the phenomenon whereby one static image is retained by the eye after it's been removed and "blends into" the next, creating the illusion of movement. The Rocky saga is based on the persistence of character *idees fixes* and narrative tropes. One film is retained by the memory after it has left the screen and begins to seem part of the next, creating an illusion of drama: an evolving warp-and-woof of macho muculature running amok in East-coast America.

But naked repetition has begun to rend the illusion that there is any development at all taking place in this series. One *Rocky* was a right hook that hit satisfying home; Rocky II was a good follow-up left; *Rocky III* is a redundant flurry of fisticuffs long after the match has been won and the referee has raised the victor's arm.

*

The Secret of NIMH, an animated feature directed by Don Bluth, was painbrushed by a bevy of ex-Disney artists who recently escaped to fresh canvases and *impastos* new, bemoaning current standards at the former El Dorado of film cartoonists.

The first fruit of their labours is a cornucopia of visual wonders bravely, but finally vainly, *in search of a good story. Mice* and rats comprise the *dramatis personae* in this tale of Mrs Frisby: *a mouse whose fevered* son is a bedridden in the cinder-block home in the middle of a field that is Maison Frisby, and the doctor says he must not be moved.

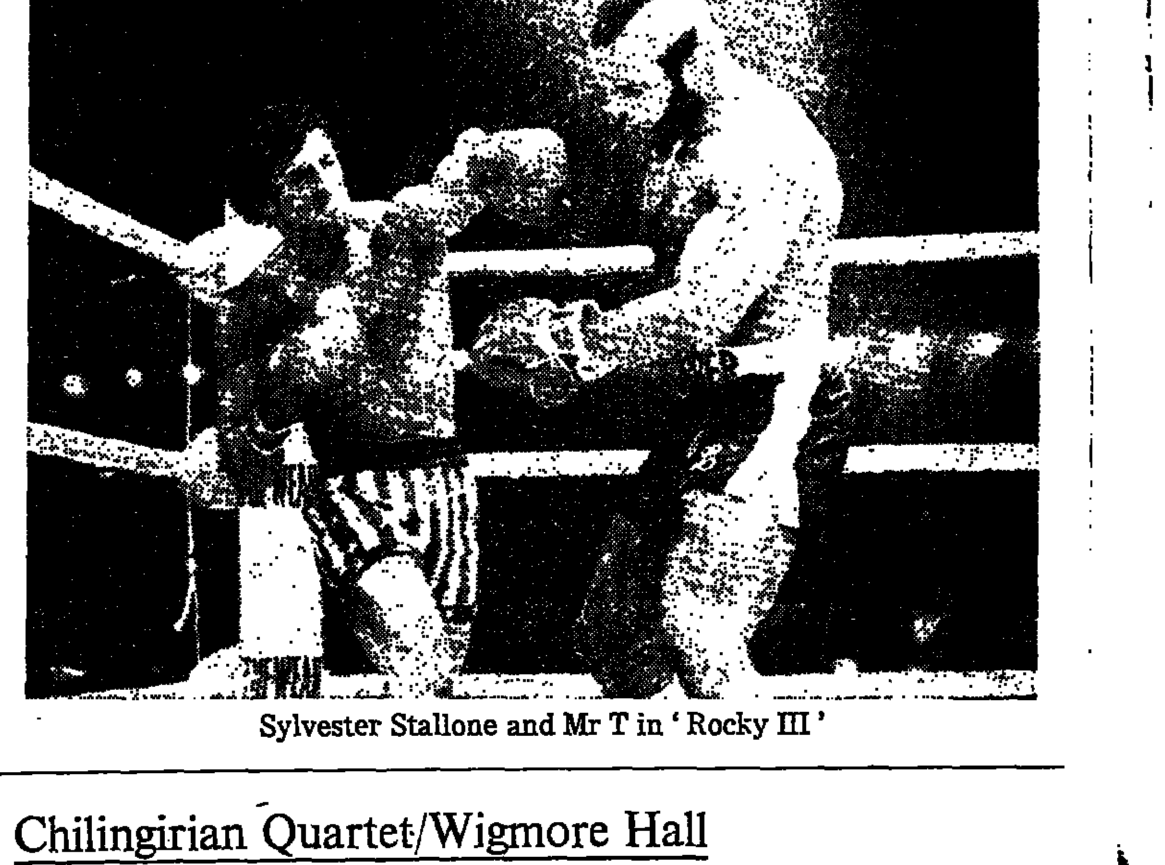
But *he will be moved* if the Farmer's dreaded tractor has its way. Will the mysteriously magical Rats of NIMH, whose nearby address is The Rosebush, Farmer's Front Garden, help? Will the *comically* maladroit crow Jeremy, ventriloquised by Dom De Luise, or the villainous rat renegade Jenner, hinder?

Though handsomely drawn and full of attractive detail, the film is undone by a winsome and uncompelling storyline that also takes a doomed late plunge into awful-warning preachings. NIMH, it transpires, stands for National Institute of Mental Health; a darkly evil brain-tampering laboratory from which the rats have fled in collective terror, nervously clutching their traumatised (but apparently also magically enhanced) mental powers.

It's more rewarding to sample *Fantasia* again, where design and story-content—and the acoustic bravura of great music—perform a *pas de trois* of seldom-surpassed vigour and beauty. The old Stokowski recording of the score has now been replaced by a brand-new digital soundtrack.

Finally, Menelik Shabazz's *Burning An Illusion*. For three-quarters of its length this BFI-produced film is a rough-grained, likeable West Indian love-story set in Brixton and environs: the sweet-and-squally liaison between a black girl (Cassie McFarlane) and the jobless Romeo (Victor Romero) who gusts in and out of her life.

Unfortunately, come the final half-hour, we *start to receive the* political message-from-our-sponsor. Romero is unjustly *imprisoned on a trumped-up* assault charge, and he and Miss McFarlane—though sundered by stone walls—can at last grow together in their radical indignation, exchange of political views and vows, and book-swapping readings from Malcolm X and Marcus Garvey. A movie that begins with a buoyant free-fall individualism ends up like a speak-your-fate agitprop manifesto.



Sylvester Stallone and Mr T in 'Rocky III'

Chilingirian Quartet/Wigmore Hall

Andrew Clements

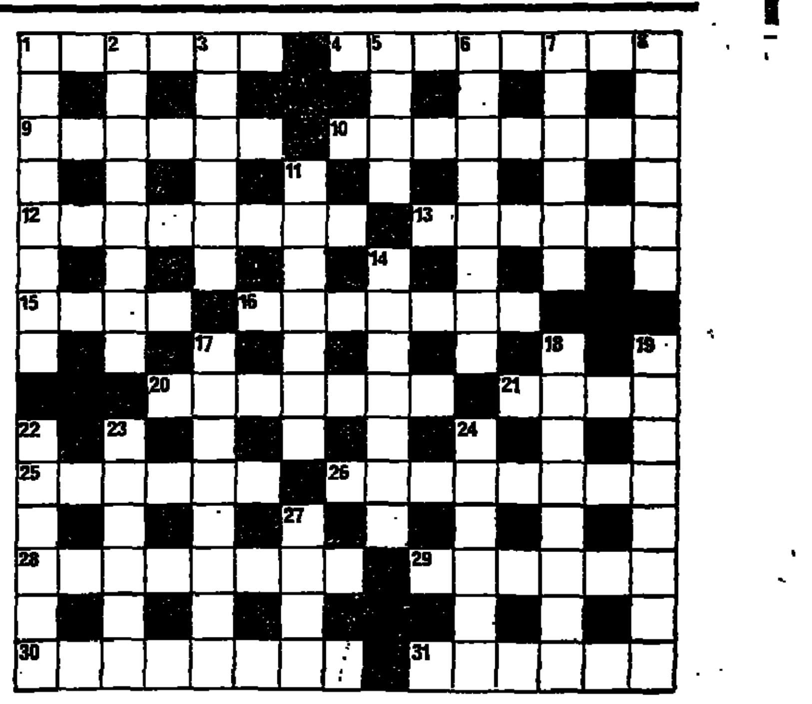
For their three concerts across eight days in the Wigmore Hall the Chilingirian Quartet has designed some enterprising programmes. The pillars are the three quartets of Haydn's Op. 74 and the piano quintets of Schumann, Brahms and Dvorak; between these they are offering in turn Bartok, Stravinsky (the complete music for string quartet) and Hugh Wood's third quartet.

The opening recital on Wednesday juxtaposed the second of Op. 74 the F major, with Bartok's second quartet and the Dvorak quintet. A finely modulated account of the Haydn, the three variations of the second movement especially well turned, did not altogether suggest that the Chilingirian had the necessary muscle to tackle Bartok. So much was beautifully rendered that one tended to overlook momentary lapses of wit (in the Minuet) and simple high spirits (in the finale).

Yet Bartok 2 proved to be a canny choice. Of the canon it offers most opportunity to a quartet of such serenely smooth ensemble and neat virtuosity. Lack of clinching firmness was a passing blemish only in the wilder moments of the Allegro molto; the Moderato had been unfolded with such limpid elegance, the Lento closed with such keenly expressed grief, that one forgave the performance as a whole for its lack of hard kernel.

In all three concerts the pianist is to be Steven de Groote, and as the Dvorak quintet proved, his partnership with the Chilingirian is nicely judged. The clean, light surface to his playing is a good foil for the quartet's sweet tooth for a lyrical phrase. Unsurprisingly it was the gentler passages of the quintet that were most memorable—the full statement of the first movement's opening theme on the first violin, the handling of the faster episodes in the *Dumka*, the reminiscences of the scherzo in the becalmed trio. Yet the tuttis had a rousing fullness that was entirely convincing also.

F.T. CROSSWORD PUZZLE NO. 4,930



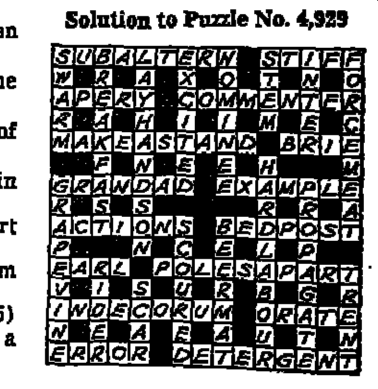
ACROSS

1 Vessel—showing its nationality? (6)
4 Be patronising in speech and overbearing in argument (4, 4)
9 Cold weather wear in Ireland (6)
10 Legislation that went against the grain (4, 4)
12 In which all entrants won't come up to scratch (8)
13 Ridiculed for being poorly dressed (6)
15 They disapprove of one's make-up (4)
16 Tall one wags in delight (7)
20 Mary and child featured in stonework (7)
21 It could be for a Malayan vessel (4)
25 Sayings of modern times (6)
26 It suffers periodic reversals in the kitchen (3-5)
28 One who makes predictions about a distant traveller (8)
29 Girl, out of breath (6)
30 Extravagant faults we amend (8)
31 He should honour his agreement to the letter (6)

DOWN

1 Rousing game (8)
2 Sailor sent to quarters for being a defaulter (8)
3 Single drink for Eugene (6)
5 Occupying a pre-eminent position at work (4)
6 Jumper having a pocket in front (8)
7 Royal house that is divided internally, naturally (6)
8 Inventor comes up, showing the Rugby match has ended (2, 4)
11 Bitterness associated with an age old craft (7)
14 Kind of heater used at home or in the theatre (7)
17 Not brave, showing sign of fear (8)
18 Prefers a French word in prose translation (8)
19 Bearing the cost of transport (8)
22 A capital fighting maxim (6)
23 Sarah's crazy to worry (6)
24 Different conclusion for a capital goddess (6)
27 A state of pure chaos (4)

Solution to Puzzle No. 4,929



FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Friday July 23 1982

The doctrine of infallibility

THE GOVERNMENT'S critics, led by the Confederation of British Industry, have recently been calling with increasing urgency for some easing of the economic squeeze imposed by Government policies. This seems at least an arguable case, given the repeated disappointment about the much-forecast economic recovery and the continued grim trend of the unemployment figures. However, these calls have been met by ministers not with reasoned arguments, but with what sound very like assertions of infallibility. The fault lies not in our policies, Horatio, but in your competitiveness.

At least three strains of thought can be detected behind this rigid stonewalling. First, the Government—and especially the Prime Minister—believes that its consistency, and refusal to trim its policies to the vagaries of the business cycle, is in the course of working a profound psychological change in the country, driving the private sector back to realism and self-reliance. This is indeed a prize worth having.

Evidence

Even if there is room within this consistent policy for some marginal relaxation (the policy-makers may well add, this is hardly to be admitted at a season when spending Ministers are fighting their annual rear-guard action in defence of their departments. The CBI's campaign does seem unhappily timed. Finally, Ministers seem to believe that it will all come out in the wash anyway; any error on the side of over-tightness in fiscal policy will work through to the private sector in lower interest rates, which are just as helpful.

There is some weight in all these arguments, but the way they are being expressed is disturbing. We believe that ministers would be more and not less persuasive if they showed a greater readiness to consider evidence and arguments which give them discomfort.

The evidence hardly needs elaborating; the promised recovery is now a full year behind schedule, and non-government forecasts have been repeatedly revised downwards. CBI members in the market-place are now in a state of deep gloom, and believe that a further downturn will be seen before the end of the year; this view seems to be shared in the banking community, which is steeling itself for some uncomfortable experience with its loan-book.

Downturn

Ministers can still argue—as they do—that this disappointing outlook is simply a reflection of a world-wide recession, which Britain cannot fight single-handed; but this is not, as they suppose, an argument for doing nothing at all. If the Government's own policy is contributing to the downturn, because it is in effect tighter than was intended, then that at least can be put right.

This is indeed what the CBI is asking for. A relaxation of less than £2bn—well under 1 per cent of GDP—is hardly likely to transform the situation one way or the other. What is perhaps just as important, a relaxation of this order would probably bring the growth of money incomes closer to the path laid down in the medium-term financial strategy than is now likely, when monetary demand is falling below the projected path. Action which is consistent with the MTFS is in no sense a surrender of the Government principles, and should not affect confidence.

Relaxation

Indeed, it would not even affect funding: at a time when the Government is only maintaining consistency between its interest rate and monetary objectives by over-funding, some relaxation would simply follow the Chancellor's doctrine that expenditure would be determined by finance.

How should any relaxation be carried out? The recent sharp pick-up in construction orders has weakened the case for a boost to public sector investment, where we have argued in the past. A further cut in the National Insurance Surcharge, which would contribute to competitiveness and reinforce the encouraging progress already made with labour costs has a correspondingly stronger appeal; and this is the main wish of the CBI. The case they are stating seems to deserve more than the dusty answer it has so far received.

Mr Prior should think again

IN TAKING on the task of trying to restore devolved government to Northern Ireland, Mr James Prior recognised that he would ultimately need if not the support, at least the acquiescence of the Dublin Government. This, he knew, required a radical change in Britain's Northern Ireland policy. His White Paper, which may have pushed the Conservative Party to the limit of what it could tolerate, was designed to show Dublin, as much as the Ulster majority community, that policy had changed.

Contradiction

He is now being put to the test. The case of Mr Seamus Mallon pinpoints a contradiction between the law as it stands and policy as set out in the White Paper. This contradiction should be speedily resolved if devolution is to stand any chance of success. Mr Mallon is deputy leader of the Social Democratic and Labour Party, the only major nationalist party in Northern Ireland. He is also a member of the Irish Senate, to which Mr Charles Haughey, the Irish Prime Minister, appointed him earlier this year.

The 1975 Northern Ireland Assembly Disqualification Act means that Mr Mallon cannot contest elections for the proposed new Northern Ireland Assembly so long as he retains his Senate seat. Were he a member of the Canadian Parliament, the Ugandan Parliament or indeed any Commonwealth Parliament, he could still be an acceptable candidate. Since Ireland is not in the Commonwealth, Irish senators are not acceptable.

But Government policy, as set out in the White Paper, recognises a "unique relationship" between Britain and Ireland, an "inevitable link" between the two communities in the province and the governments in London and Dublin. Further, it recognises that a substantial minority in the province think of themselves as Irish, and would like to see a united Ireland. "So long as the existing institutions of the state are respected," it says, "those who favour change should not be disbarred from playing a full part in public life."

In view of the close relationship between the two countries so explicitly recognised in the White Paper, it would be hard to argue that Mr Mallon's membership of the Irish Senate shows any disrespect to British institutions. Yet so long as the Disqualification Act remains unamended, that is the case the Government is forced to defend.

Mr Prior is extremely reluctant to attempt to change or waive the law. He believes, perhaps rightly, that he would stand little chance of getting the support of Cabinet or Parliament and that, even if he succeeded, he would risk losing what support he has in the unionist community. But in failing to honour the commitments implicit in the White Paper, he may stand to lose even more.

This week's IRA bombings in London bring home the obligation on all British Governments to encourage those in Northern Ireland who seek to offer the minority community an alternative to the politics of violence. The SDLP is the party which has consistently sought to do so.

Yet the SDLP feels, not entirely without justification, that it has received little encouragement from the British Government. The Northern Ireland Bill now before the Lords denies it the explicit commitment to power sharing to which it has felt entitled since it was first entered into in 1973 by Mr William Whitelaw, then Northern Ireland Secretary. It has received no Government support in its campaign to get plastic bullets banned in the province. Now, it says, even the minimal concessions offered in the White Paper are being proved worthless.

Grievances

The SDLP has made no secret of its opposition to Mr Prior's devolution plans and may well be exaggerating its grievances and seeking a pretext for boycotting the assembly elections.

Nevertheless, the case of Mr Mallon should be treated on its merits. For it threatens not only the immediate future of devolution—which cannot succeeed without SDLP participation—but also the long-term prospects for involving the minority community in conventional politics, and the long-term relationship between Britain and Ireland. Mr Prior should stand by his White Paper and try to change the law.

THE IBH TAKEOVER TRAIL

An unusual recipe for success

By Kevin Done in Frankfurt

ONE by one some of the biggest names in world engineering, having failed to make a go of their construction equipment businesses, have off-loaded their problems on to 39-year-old Horst Dieter Esch, a maverick West German entrepreneur.

His strategy of picking up a series of loss-making companies around the world, several on the verge of financial collapse, is hardly a fashionable recipe for corporate success. But in barely seven years and starting with just DM 2m capital—half of it derived from a successful stock market speculation—Esch has fashioned an international construction equipment company with an annual turnover of more than DM 2.4bn (£500m).

A mere infant, IBH Holding is still to prove it can make money, but in Europe it has already outgrown its competitors—those that have not been taken over—in terms of turnover, and world-wide it is outstripped by only two rivals, Caterpillar of the U.S., the unchallenged giant of the sector, and Komatsu of Japan. The other big manufacturer is Fiat-Allis.

This week Babcock International, the UK engineering group, has become the latest concern to beat the path to Esch's door, a way already well-trodden by General Motors of the U.S., Massey Ferguson of Canada, Poclain of France and Powell Duffryn of the UK. Babcock is selling its construction equipment business to an IBH associate.

The international building machinery market is not a place for faint hearts. Falling economic growth, high interest rates and falling capital spending have combined to plunge the construction industry in much of the industrialised world deep into recession, dragging the equipment makers with it.

In the U.S., Caterpillar Tractor, the world's largest manufacturer of earth-moving and construction equipment, suffered a spectacular collapse in its earnings in the second quarter. Many of its smaller domestic rivals are operating deep in loss, while International Harvester is struggling with its banks to avoid financial collapse. In West Germany Orenstein and Koppel is entrenched deep in losses with its management denying persistent rumours that its building machinery activities are about to be taken over.

For IBH Holding life is not easy either. It too has imposed short-time working at some plants, and is working at only 50 per cent of capacity. Sales are stagnating, although some big export orders (particularly from the Middle East) are helping to make up for the slump in the domestic market and in the U.S.

The company is hopeful of breaking even in 1982, however, and even holding sales at last year's level will be seen as a small triumph after a half-year which Esch describes as "the most disastrous six months ever for the worldwide construction industry."

HORST DIETER ESCH
Not 'a one-man band'

For IBH, however, the recessionary clouds have a silver lining. Without the prolonged crisis in the industry and the inevitable shake-out that is resulting, there would have been far fewer troubled companies seeking rescue.

Starting in 1975 with the acquisition of Zettelmeyer, a small privately owned West German company on the brink of bankruptcy, Esch has determinedly set about assembling a product range that can compete effectively on the world stage. In a string of takeovers he has since acquired a series of companies that either were too small to stand successfully alone—in cases such as Hamm, Lanz or Duomat—or else operations which were often the poor relations in big multinational concerns such as General Motors, Powell Duffryn and now Babcock International, which had little time or money to devote to their building equipment divisions.

Esch insists that the only companies making money in the industry are those concentrating solely on construction equipment without other distractions, concerns such as Caterpillar and Komatsu. With IBH he has set out to create a third force founded on small and medium-sized companies, most of which had sound products but whose lack of size hindered them from competing effectively against the giants of the industry.

With the exception of Babcock all the companies that have fallen into IBH hands made the first approach to Esch. But Babcock, too, confirms that the attraction of selling out to IBH lies in the possibility of gaining access to a world-wide sales organisation able to promote a much wider range of products. IBH lays claim to a worldwide network of independent dealers second only to Caterpillar.

"Under the IBH umbrella we have a better chance of enjoying a bigger market share. There is a trend to big package deals and such changes in marketing are making it harder to sell our individual units." admits Mr Thomas Carlile, managing director of Babcock International.

There is a price for getting out, however. While Babcock is hopeful of gaining up to £10m for the sale of its construction equipment division—the products range from Blaw Knox ashphalt pavers to Winget dumpers and concrete mixers and Allatt small road graders—it is at the same time having to pump new equity into the IBH group at a price of DM 82m for a share of just over 10 per cent.

For much of the seven years since he decided to break with his former employer, Blackwood Hodge of the UK, the world's largest distributor of earthmoving equipment, Esch has been skating on some thin ice, his venture shunned by much of the traditionally conservative West German financial community.

At the outset most of the big German banks were unwilling to lend or put money into IBH because of its lack of equity backing. As the business grew and the quality of IBH shareholders improved the banks still harboured their doubts. There was still too little equity in the balance sheet, the concern was a collection of little more than largely bankrupt or at least heavily loss-making companies and still today it is seem to be operating in a sector racked by recession.

IBH's answer to the financing problem lay in persuading those companies that were seeking to off-load their troublesome construction equipment divisions, that the price should be subscribing to new equity in the IBH concern.

Esch's take-over formula has been based on the notion of paying the "net equity value" of a company. As in most cases the companies have been heavily loss-making and sometimes close to collapse the liabilities have often exceeded the assets. The acquisition from Babcock is a rare case in which IBH will actually end u paying over a cash sum for the take-over.

The early shareholders in IBH were small private investors, apart from Esch himself, who still owns 8.9 per cent of the DM 203.7m nominal capital and controls 44 per cent of the voting rights. But the major capital injections of recent years have come from the private German bank Schröder Münchmeyer Hengst, General Motors, the U.S. automobile group, Powell Duffryn of the UK and Dallah Establishments, a major Saudi Arabian industrial group.

With two big injections of new capital in the last three months—DM 150m in May and now DM 180m through Babcock, General Motors, Dallah and some small private investors—Esch has reached the heady heights of having a ratio of more than 30 per cent of his balance sheet liabilities in equity (nominal capital and legal reserves).

West German industry has traditionally operated on ratios of debt to equity that for UK or U.S. companies would be considered positively nightmarish—the current average is around 22 per cent.

"The banks and insurance companies should be interested in getting the IBHs of this world going," says Esch, not without a trace of bitterness. "If they are only interested in dealing with the AEGs, the Polands and the Argentinas, where will the new businesses come from?"

For IBH the takeover of the Babcock operations provides a promising product match. The acquisition is being performed by its 44 per cent owned associate Wibau, which will add Babcock's range of ashphalt pavers, small grading equipment and concrete equipment to its existing products of ashphalt plants and concrete pumps.

Further acquisitions appear inevitable and the almost daily tales of financial woe from the industry suggest there is no shortage of candidates. The major holes in the IBH product range (with some leading manufacturers in brackets) are certain hydraulic excavators (Orenstein and Koppel, Poclain and Liebherr), road graders (Orenstein and Koppel, and Fiat Allis), elevator scrapers (International Harvester), big bulldozers (Caterpillar) and big wheel loaders (Clark, International Harvester and Caterpillar).

Esch firmly rejects claims that IBH is a one-man band, pointing to the fact that he is only directly responsible now for sales, acquisition of new equity and takeovers. With a workforce of more than 13,000 the group is highly decentralised with only a tiny central corporate staff.

Inevitably management resources are stretched—Esch's first move after most of his 11 takeovers to date was to replace the top management—and it is only recently that IBH has been acquiring the sort of reputation that has enabled it to attract high quality managers from other companies.

Esch still exudes the sort of ebullient self-confidence, that suggests that he could be riding for a fall, but IBH has proved surprisingly resilient in the worst recession the industry has known.

IBH HOLDING CORPORATE STRUCTURE

West Germany	IBH share %	Acquisition date	Products
Zettelmeyer	96.8	1975	Wheel loaders and wheel dozers
Duomat	95.0	1975	Small compactors
Hamm	96.0	1976	Road rollers and compactors
Lanz	91.0	1978	Mini-loaders and trench diggers
Hanomag (from Massey Ferguson)	100.0	1980	Wheel and crawler loaders, crawler dozers, excavators
Wibau	44.0	1980	Asphalt mixers, concrete pumps
UK			
Hymac (from Powell Duffryn)	99.9	1980	Excavator loaders, hydraulic excavators
Blaw Knox, etc. (from Babcock International. Bought by Wibau)	100.0	1982	Asphalt mixers, concrete pumps
France			
Derruppé (from Poclain)	99.6	1979	Wheel loaders, compactors
Maco-Meudon (from CGEP)	80.0	1979	Air compressors, pneumatic tools
Pingon	99.6	1979	Hydraulic excavators, mobile cranes
U.S.			
Terex (from General Motors. Terex UK and Brazil bought into IBH national groups)	100.0	1981	Large earthmoving equipment—scrapers, haulers, loaders, dozers, tankers

IBH HOLDING SHAREHOLDERS (percentages): General Motors, U.S., 19.6; Dallah Establishment, Saudi Arabia, 19.6; Powell Duffryn, UK, 13.2; Babcock International, UK, 10.1; Schröder Münchmeyer Hengst, 9.1; Horst Dieter Esch, 8.9; Bullma Invest. (private Swiss investment group), 7.7; Dr Dieter Quast, 4.5; DRolf Than, 4.5; others, 2.8.

THE UK: 'DEEP INTO PRODUCT RATIONALISATION'

WILLIAM J. DALTON had always wanted to get free of the General Motors internal rule book.

A loyal GM manager for 29 years, he nevertheless jumped at the chance to go with Terex when GM sold its loss-making construction equipment business to IBH late in 1980.

"After meeting IBH, I decided to stay with Terex. I've always wanted to do things differently."

At the Scottish factory, where he is managing director, 200 jobs have been eliminated from the 1,500 payroll, all of them coming from management and salaried groups.

Production workers have agreed to flexible working practices and greater co-operation. For example, final vehicle inspections now tend to take only two days compared with as much as 10 days two years ago.

Although Terex as a whole was unprofitable under GM, the Scottish plant was always "relatively profitable," according to Mr Dalton.

Nearly two thirds of its sales of haulers, scrapers, loaders and crawler tractors went into export markets, mainly in Nigeria and the Middle East. However, UK demand has fallen 30 per cent in the past two years and the company is now exporting 90 per cent of its production.

Price competition has been fierce, with discounts ranging from 15 to 30 per cent. The base load of frequent small orders has disappeared and the company, like all its competitors, survives by battling viciously for the blockbuster contracts. Even so, turnover was down 10 per cent last year and the plant is running at about 50 per cent of its two-shift capacity of 1,200 units per year.

"If we hadn't become more efficient, we would be losing money," Mr Dalton says.

His reward for his achievements to date has been a seat on IBH's executive board and responsibility for all the group's UK operations. That has meant taking on the tougher problems at IBH's 1979 acquisition, the Newbury based maker of excavators, Hymac.

Unlike Terex, Hymac is almost entirely dependent on the UK market and so has suffered badly during the current recession.

Mr Dalton and his sales director, Mr Paul Bodden, have been making the same sort of cuts in overheads at Hymac that had been achieved at Terex.

More important a major rationalisation of the excavator lines made by Hymac and IBH's German subsidiary Hanomag, is being undertaken. All manufacturing will take place at Hymac but the Hanomag name will be retained for export sales.

"We're deep into product rationalisation throughout IBH these days," Mr Dalton says.

Ian Rodger

Men & Matters

Million dollar man

James Wolfensohn, the man who generated the £66m-plus deal by which U.S. insurance group Aetna Life will get a 40 per cent stake in merchant bankers Samuel Montagu, sat quietly among the reporters at the Midland Bank's Press conference yesterday. "I am really semi-retired," he insists. "Just having fun."

Well paid for it? The stocky Australian-born U.S. citizen grins: "I hope I shall be paid an appropriate amount."

No doubt about that, I would have thought, judging from the obvious gratitude of Midland's chairman, Sir Donald Barron, and Aetna's executive vice-president, Donald Conrad, for Wolfensohn's marriage broking.

Wolfenson was long regarded as one of the most aggressive figures in the world of corporate finance. He ran Schroder's New York banking business before being called to London as deputy chairman in 1974.

Three years later, he quit the group to become a general partner with Salomon Brothers, the New York investment bank. Then last year, he resigned to set up his own firm, saying he wanted to get out of "the cocoon of the big corporate world."

He had been the principal go-between in deals for the stricken Chrysler Corporation, averaging an 18-hour day and constantly on the move.

Setting up his own firm, he said, would allow him more time for his music—his cello often travels with him, a seat reserved for it next to him in the airline's first-class cabin—and his interests in the Rockefeller Foundation and the World Multiple Sclerosis Association.

There were suggestions, though he denies them, that the move reflected some disappointment too at his failure to succeed Robert McNamara as president of the World Bank—a job for which he was short-listed.

Things have worked out much as he wished, 48-year-old Wolfensohn says. He has a team of 20 in New York, including Morgan Stanley's former chairman Frank Petito. "We act as advisers on corporate finance strategy for about 10 major U.S. companies," he says. "It keeps us busy enough. We have no intention of becoming an investment bank."

Wolfensohn, who advises Aetna on its international expansion, initiated the approach to Montagu nd the Midland in December. Just about the time that Jardine Matheson, on his advice, bought Bache Insurance for $30m.

He will continue as Aetna's adviser. "He is a very knowledgeable man," Conrad enthuses.

No doubt

I am always impressed by the power of monetarist analysis, so I eagerly scanned the latest outpourings of Buckmaster and Moore's experts Bill Foy and Geoffrey Wood for their wisdom on the gyrations of monetary aggregates like retail M1 and PSL2. The big question is, can inflation fall to 5 per cent by the autumn of 1983?

"There are three possible responses to that question," conclude the gurus. "Yes, no and maybe." They plump decisively for "maybe."

Parking place

President Reagan has problems in shifting squatters from outside the White House.

An embarrassing number of Washington's homeless down-and-outs have taken to pitching tents on the pavement in front of the President's pad and in Lafayette Park across the street.

Efforts to evict them by the U.S. Park Service, which is supposed to exercise control over both park and pavement, have been blocked by the Federal courts because technically the squatters are "protesters."

Some protest groups now are planning to erect tented villages and the Park Service is urgently trying to draw up and have approved, new regulations.

Meanwhile it is resorting to less formal action to clear the streets. The sprinklers used to water the White House lawns have suddenly begun to spray the pavements as well.

Rainbow's end

Take your sun-glasses if you are going anywhere near the City's Royal Exchange in September. Its sober portals could suddenly be lit with dazzling flashes of gold, royal blue, and scarlet.

The grandly-named London International Financial Futures Exchange, which is due to start operations there, has just announced the style of dress it expects its participants to wear.

Floor staff of the new market will be attired in gold coloured jackets replete with seven pockets — including two poachers' pockets—to accommodate the vast amount of paper required in documenting deals.

The Exchange staff will be easily identified by the royal blue blazers they will be sporting. As for members and traders, says an Exchange stylist, they will be able to wear what they like "as long as it is nothing outrageous." If in doubt, a scarlet jacket is recommended.

Whatever other useful functions it may perform, the Exchange does not sound like the right place to seek a cure for a hangover.

African journey

An indication of Western optimism that an end to the seemingly interminable negotiations for a settlement in Namibia is in sight comes with the confirmation that Sir Leonard Allinson, Britain's top man at the talks, is to become our next High Commissioner to Kenya.

The exercise intended to lead to independence for Namibia (ruled by South Africa since the First World War, when it was German South-West Africa) is now well into its fifth year. It has involved a phenomenal amount of shuttle diplomacy between Africa, Europe and the U.S.

As Allinson's new appointment was announced yesterday he left on yet another flight to New York for what could be make-or-break talks at the United Nations. He is supposed to be back for a farewell party at the Foreign Office on Monday, and takes up his appointment in Nairobi on September 1.

If the optimism about the negotiations should prove slightly premature the Foreign Office hastens to point out that Sir John Leahy, Allinson's boss as deputy under-secretary responsible for Africa and the Middle East, will be watching over the scene. He is hardly less familiar with the intricacies of finding common ground between South Africa and its neighbours, for until last year he was Our Man in Pretoria.

Deposit account

No doubt The Times will find an opportunity to retaliate, but I cannot resist reprinting its report yesterday that: "Customs officials in Brest are interrogating 14 British divers who were allegedly caught with more than a ton of antique treasurers found in a ship sunk off the Brittany coast."

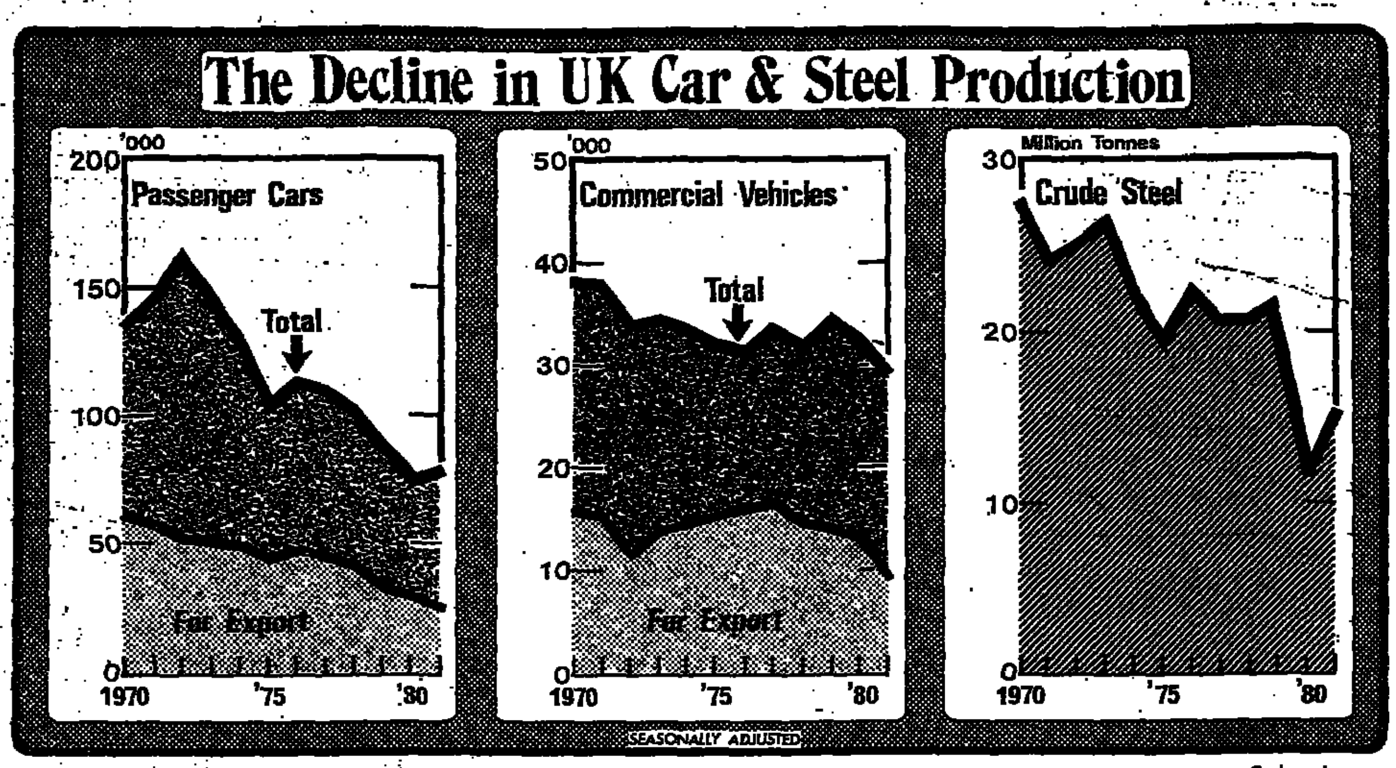
Historic or current cost accountants, I wonder.

Observer

POLITICS TODAY

The size of the job problem

By Malcolm Rutherford



Graham Lever

THERE OUGHT to be a sign in Ministers' offices saying: "The price of competitiveness is yet more unemployment." For that really is the logic of the Government's policies.

The news of the week is not just that the number out of work in July rose to a record level of 3.19m. It is the admission by sources in the Treasury that the figure could go above 4m before the rewards of the policies become fully evident. Not this year certainly, and possibly not until after a general election — on the assumption that the Conservatives win. But that is the way things are going.

Indeed, if the Government had its way and was able to apply the same disciplines to the nationalised industries as have been applied in the private sector, the figure might be a good deal less than hypothetical. Employment at British Rail, for example, has fallen by about 8 per cent since 1979. That is peanuts compared with some private companies.

Whatever the representatives of the Confederation of British Industry may have to say to Sir Geoffrey Howe, the Chancellor of the Exchequer, in the next few days, there is at present no change in sight. Policy remains one of plugging away at structural change through market forces, of reforming the tax system and of controlling public expenditure. The word of the day is evolution and evolution, by definition, takes time.

There are, however, signs of movement in the autumn. By then we shall know a little about the size of pay settlements in the next wage round. The PESC exercise on public spending will be well under way, if not complete. Something decisive may also have happened about interest rates.

For the moment, interest rates dominate all. It is not only the hope of a cut in mortgage rates in August, which is always thought to cheer up the electorate, or of further small cuts in base rates.

The reductions in American rates this week were welcome, of course. So were the words of Mr Paul Volcker, the chairman of the Fed, to the effect that there will be some relaxation of U.S. monetary policy without any abandoning of basic principles. That is, after all, a pattern familiar to the British Government.

There is a more fundamental development. The emphasis now is on "decoupling" British interest rates from those in the U.S. It does not mean that Britain is about to join the European Monetary System or anything like it: the fluctuations in the sterling exchange rate because of changes in the oil price are still felt to be a major technical obstacle. In any case, there are no great pressures from the Continent to do so.

But "decoupling" does mean a kind of de facto alignment of sterling with the major EMS currencies. It means re-educating the markets to accept that (say) the sterling-DM rate is more important than the sterling-$ rate. If that could be done, it might be easier to bring down British interest rates almost independently of what is happening in America.

That, one suspects, will be the main economic exercise in the next few months in the hope that Sir Geoffrey will be able to say to industry and to the Conservative Party Conference in the autumn that the long-standing aim of a reduction in the cost of borrowing has been finally achieved, along with the cut in inflation.

There is slightly more to it than that. The emphases on curbing the next round of pay increases and on keeping down public expenditure are designed to persuade the markets that a cut in interest rates is feasible. There may then be room for a reduction in taxation and/or an increase in capital spending.

No decisions seem yet to have been made. Sir Geoffrey is opposed to the idea of an autumn Budget, partly because his predecessor, Mr Denis Healey, introduced so many of them. Yet if the choice, or part of it, were for a cut in the national insurance surcharge, as the CBI is demanding, the announcement needs to be made well in advance for administrative reasons. It would be possible for the Chancellor to go public in (say) November and for the cut to take effect next April as part of what will almost certainly be the pre-election Budget statement.

The objections to other forms of relief to industry are basically twofold. One is that they might simply open the door to yet more import penetration. The other is that few worthwhile capital projects involving public expenditure have been put forward.

Concern about imports was reflected in the general reaction to the latest trade figures. For the first time for some months there was a deficit on visible trade and the trend suggests that imports have been rising for nearly a year.

It is also true that, despite the recession, there has been very little fall in overall expenditure, including consumer expenditure. That leads the Government's economic advisers to continue to believe that the problems lie with supply and not demand. It is to imports that the British customer turns.

There is the particular case of the car and commercial vehicles industry. As the accompanying charts show, the decline in British output over the years has been dramatic: the monthly averages are down from 160,000 passenger cars in 1972 to under 80,000 last year. So, too, has been the decline in exports.

The steel figures, which are given as well, partly reflect the fall in demand from the car sector and of course the general fall in manufacturing production.

The vehicle industry is now demanding some relief in the form of relaxations on credit restrictions which would allow more cars to be bought, and the Treasury has some sympathy. But the problem is that easier credit might only encourage people to buy more Datsuns. It is not so much the British demand that has gone down as the British ability to supply the market.

On capital projects, the Chancellor has always insisted that he has an open mind, but that little viable has been forthcoming. The question is bound to arise now after the settlement of the Aslef dispute on the railways. There is a widespread expectation that the Government will show its gratitude for the restoration of industrial peace by investing large sums in electrification.

One should not be so sure. If the Treasury has its way, the investment is likely to be released in dribs and drabs, strongly coupled with attempts at improved efficiency of the sort that will further increase the unemployment figures.

That indeed is the probable pattern of the autumn: no special Budget, no reflationary package, but a number of separate announcements designed to show that the Government is fostering structural reform.

The political question is whether it will be anything like enough to keep the Tory Party quiet and to give it a chance of winning the election. The Government has been fortunate this summer in that events have conspired to prevent attention being focused on the economy. The 3m figure for the unemployed had in any case been around for so long that it came as less of a shock when it eventually occurred. The possibility of 4m has barely even dawned. I doubt if the dismal output figures have fully sunk in even now. Come the winter, however, it may be different.

The real weakness of the Government's position, it seems to me, is that it does not actively seek projects which would be worthwhile in their own right and which would also create jobs. The sewers are a perfect example. They are in a bad state of repair. It would hardly increase imports to do something about them whether you did so by using a large amount of mechanised equipment or sending down a lot of small builders.

The same argument applies to improving the roads system and to the construction industry in general. The industry is not import-sensitive and it is labour-intensive.

The Government might listen if Tory MPs and perhaps the trade unions were to press harder, but at present one does not detect any great concerted action. The CBI's efforts are not—directly—related to relieving unemployment, though they might of course have that effect.

The 4m figure is not an official forecast or anything like it. Even at the present underlying rate of increase of around 300,000 a year, it would take over three years to reach. But what is striking is that it should even be mentioned. Sir Geoffrey would no doubt say that it is a measure of the failures of the past that such a drastic restructuring is necessary.

It is no less striking that the political outcry remains as muted as it is. Clearly there is still an element of public sympathy for what the Government is trying to do. But with the probability of 3.25m out of work this winter it would be unwise to push it too far.

Lombard

A faint chance in the Middle East

By Ian Davidson

THE GOVERNMENTS of the Arab world have come in for a fair amount of contemptuous comment for their refusal to help the Palestinian guerrillas, now beleaguered in Beirut, by offering asylum elsewhere. But whether one describes their attitude as narrow self-interest—the Palestinians have already caused too much trouble in Jordan and Lebanon—or as statesmanlike inactivity, it may be that non-cooperation is the shrewdest and most constructive tactic for the Arabs to pursue. For it has the effect of posing the Palestinian problem in the starkest possible terms.

This problem cannot be solved by moving the Palestinians on to yet another square on the map; it can only be solved by giving the Palestinians a permanent home, and that home can only be in Palestine. Simply moving them on—to Iraq, Algeria, Syria, Egypt or wherever—might suit the Israeli Government of Mr Begin, but it would not suit anyone else.

By refusing to do the "decent thing" by the Palestinian guerrillas, the Arab governments are in fact facing Mr Begin with a very disagreeable dilemma. Having declared his determination to get the guerrillas out of Beirut, he can scarcely renounce this objective. On the other hand, he can hardly believe it would be prudent for the Israeli army to storm Beirut and take out the Palestinians by force.

Not only would that cause a lot of Israeli casualties, which would be unpopular at home, it would cause even more Palestinian and Lebanese casualties. The scenes of destruction and suffering on the world's televisions screens would have a damaging impact on Israel's standing in the world and might even provoke a sea-change in the quality of U.S. support.

One cannot be at all sure that Mr Begin will be deterred by the prospect of these penalties. After all, a prudent man would not have launched the Peace for Galilee operation in the first place, or at the very least would have stopped it at the original target line 25 miles inside the Lebanese border. Mr Begin may believe that any penalty for storming West Beirut would be short-lived and that many Americans would privately welcome the violent destruction of the PLO.

But if he felt that he had to find a third way out of his current dilemma, he might be forced to consider a negotiation, not limited to the narrow and negative question of how to get the Palestinians out of West Beirut, regardless of where they were to go to, but about the broader problem of their long-term future, so as to ensure that they did not constitute a danger to Israel or anyone else.

If this is the strategy tacitly being followed by the Arab world, it is certainly a high-risk strategy. It assumes that the Palestine Liberation Organisation can rapidly adapt its objectives and its organisation from guerrilla warfare to the respectability of political dialogue. It assumes that Mr Begin will not take the bloody way out. Above all, it assumes that he will in addition be prepared to make precisely those sorts of concessions to the Palestinians which his record shows him unwilling to make.

On the other hand, it is not an absurd strategy. The Beirut crux is already forcing the PLO, or at least some of its leading spokesmen, to look for political remedies in the breathing space between military defeat and prospective slaughter. It coincides with the appointment of an American Secretary of State who sees more clearly than his predecessors that the Palestinian problem is the heart of the Arab-Israeli conflict. And it is provoking serious heart searching in a significant proportion of the Israeli population. This combination of factors may not be strong enough to steer the Middle East away from the senseless cycle of violence, but they may offer the best chance for many a year.

On past form, however, it is more likely that the current negotiations will in the end lead to a half-baked "interim" arrangement for the Palestinians, which will prove semi-permanent, and will guarantee continued violence between them and the Israelis.

Letters to the Editor

U.S. monetary intervention

From Mr Thierry Naudin

Sir,—After reading your Foreign Staff's story "U.S. holds up move towards intervention" (July 19), I thought it might be of interest to you and your readers to know what was Treasury Secretary Regan's answer to a question I put to him about intervention at the time of the Versailles summit.

The question went like this: "According to some experts, what the Europeans resent most about the U.S. policy of non-intervention on exchange markets is the fact that it has been given such a high profile. An editorial in The Financial Times recently claimed 'that a commitment by the U.S. to re-start intervention would not significantly affect the operation of domestic American policy. It could, however, have a psychological effect in helping to lower currency fluctuations,' and only 'at a minor cost to American taxpayers.'

"What is the U.S. Administration's reaction to this idea?"

Secretary Regan: "As a general rule, I do not believe that intervention for the purpose of fixing or managing exchange rates can succeed, so we do not undertake intervention for these purposes. I am sceptical of the argument that a U.S. commitment to more frequent intervention would have a favourable psychological impact on markets.

"Some of those who make this argument are really more concerned with somehow returning to fixed exchange rates. In any case, we are concerned that markets not misinterpret our policy of intervening only to counter disorder as a policy of complete non-intervention. That is simply untrue."

As for Treasury Under-Secretary Sprinkel, he referred to his experience as a commercial banker to claim, during a talk I had with him last winter, that official interventions on exchange markets only result in reducing the latter's depth.

The way out of the impasse on this matter might seem to ask the IMF for an official construction of what is meant by the "disorderly conditions" referred to in Section IV of its Articles of Agreement. But the only reasonable answer might be that these "conditions" are too diverse and too subjective and thus escape any formal definition.

Thierry Naudin.
Monetary Affairs Correspondent,
Agence Economique et Financière.
40, Rue de Tocqueville,
75017 Paris.

Lloyd's Bill immunity

From Mr Malcolm Pearson

Sir,—The House of Lords has approved the Lloyd's Bill with its infamous immunity clause virtually intact. It appears to have done so because it was deceived first into believing that publicity about internal disputes at Lloyd's is damaging to the invisible exports which Lloyd's generates, and second into hoping that such publicity might be diminished in future if the most fundamental protection of the Common Law is removed from members of the Lloyd's Community.

Their Lordships' judgment is ill-founded first because publicity is only damaging when you are at the wrong end of it, which is where Lloyd's deservedly has been in recent years, and second because if Lloyd's ever invokes its unique immunity to avoid the consequences of its negligence, adverse publicity will of course be vastly increased.

The Lords can be forgiven for believing that the Bill was essential and urgent for Lloyd's, as it has ever been, because they heard no evidence to the contrary. Perhaps they can also be forgiven for sharing the disturbing lack of faith in its own product which Lloyd's displays when it pretends that it cannot adequately insure itself against damages for negligence, as does every other professional institution in the land. If they had asked a few more questions here, they could not have come to the conclusion which they did.

I find it harder to forgive their Lordships, of all people, for being persuaded that in some way the money which Lloyd's earns can justify setting aside such a basic principle of law. One member of the Lords' Committee explained his vote thus: "The essential point to me in the end was that the acknowledged evil of granting immunity was lesser than the evil of otherwise allowing Lloyd's to decline and fall." Evil is not so cheaply vanquished, I fear, and nor should it be so murkily distinguished.

So there it is; the deed is done. It was done, in the end, because the herd was thundering and not even the finest advocacy in both Houses of Parliament could stop it. As the Bill sails on to Royal Assent, that is the thought which worries me most.

M. E. M. Pearson.
Pearson Webb Springbett,
Adelaide House,
London Bridge,
London EC4.

Banks' hidden reserves

From Mr Robin Monro-Davies

Sir,—It has been heartening to note the concern expressed recently in your columns and in particular in your leader (July 15) about banks' hidden reserves.

The arguments you cite against the maintenance of such reserves seem irrefutable, and I endorse your final call that "hidden reserves must go." However, you do not actually attack one of the most spurious defences of hidden reserves, which is advanced by the accepting houses among others. This is that it does not matter that their accounts are false because the authorities, in their case the Bank of England, know the truth. As the International Accounting Standards Committee has pointed out, the existence of such supervision does not permit an investor (or depositor) to make a rational choice between different banks or between banks and another industry sector.

Full disclosure would do away with the present elitist system in which a small group of banks lives in a cosy alliance with the Bank of England. It would allow the investing and depositing public at large to make their own decisions as to which banks they favour. This would be beneficial to banks which are efficient and well-run and slow the growth of those which are not.

It would not undermine the supervisory authorities but rather would reinforce them. It would necessarily result in a stronger banking system founded on banks which have actually demonstrated their financial health.

With luck the days of hidden reserves in the UK are nearly over and I am confident that, when they do go, the fevered cries of their supporters will be forgotten within days. They will be remembered as a banking curiosity and their proponents will be accorded an affectionate place in history similar to that of the well intentioned and, doubtless, honourable Victorians who clothed the legs of pianos.

Robin Monro-Davies.
Managing Director,
IBCA Banking Analysis,
2, Wilson Street, EC2.

Falklands as part of the UK

From Mr Michael Clay

Sir,—Now that the Falklands have been re-possessed and the issue has disappeared from the front pages and the television screens, the old voices of appeasement and compromise will once again begin to exert their insidious influence. As I see the short-term future, all kinds of people—officials, newsmen, Members of Parliament—will soon be swarming over the Islands to seek out the people's views—and to report them across the world.

Clearly the vast majority of the islanders wish to "remain British." But what does this mean? The Falkland Islands cannot remain a British Crown Colony for ever. The status of colony attracts far too much international opposition for it to be a stable situation. On the other hand, the resources and population are too small to enable the Islands to become independent.

The proposal I should like to advocate is that the Falkland Islands should become an overseas part of an enlarged United Kingdom, in effect becoming a Parliamentary Constituency with a Member of Parliament at Westminster. Whatever degree of local autonomy is desired could no doubt be combined with this, using perhaps the Isle of Man or the Channel Islands as models.

This concept of an overseas extension of the metropolitan area has been very successfully implemented by France with its "departements outremers" and is a completely practical proposal. It is the only proposal that, in my view, could provide satisfactorily for the long-term development, defence and freedom of the Falkland Islands.

Michael Clay.
3, Hayes Castle Road,
Distington,
Cumbria.

Companies and their style

From Mr Alan J Kennard

Sir,—Mr Kent (July 15) opts for the use of PLC rather than plc.

I think the opposite view should prevail. The use of plc is much better typographically than PLC, but is probably more logical when plc is regarded as a description indicating the status of the company rather than an essential part of name of the company.

Alan J. Kennard.
4 Roger Street,
London WC1.

UK COMPANY NEWS

Solid second half puts Davy ahead at £20m

SECOND HALF pre-tax profits at Davy Corporation improved from £12.68m to £13.83m, and this contributed to a rise from £18.75m to £20.42m in the figures for the full year to March 31 1982.

The final dividend is raised from 4.7p to 5.17p net for an improved total of 7.37p compared with 6.7p.

Sir John Buckley, chairman of this holding company with interests in engineering and construction for chemicals, minerals and metals and energy industries, says the group's business is highly dependent upon the world economy as a whole. Uncertainty regarding investment is evident in most of the markets it serves and he says it is not clear what events will lead to an upturn.

He adds: "The process engineering industry throughout the world is passing through a most challenging period, and winning sufficient work to build up our uneven order book is difficult."

In a year not without difficulties, he says he is pleased with the increased profits. The engineering and construction companies provided £28.2m (£29m) and this would have been higher but for a £2.4m settlement in connection with a long-standing lawsuit arising from a contract undertaken by its German company. After all the due German legal processes had been pursued, judgment was finally given against the company.

The engineering and manufacturing companies again faced a difficult year and made a small profit of £600,000 compared with losses of £1.3m in the previous year. The Herbert Morris companies comprise crane manufacturing and servicing activities and these, in total, made a profit of £2.4m. The now relatively small forge and foundries business made a small loss overall.

Group turnover for the year improved by 31 per cent from £671m to £877m, with UK companies' share being little changed at £232m (£230m). Much of the overall increase in turnover occurred almost entirely in the engineering and construction companies outside the UK, and in part was due to movement in exchange rates.

There was a tax charge of £7.73m (£7.74m)—last year there was also an exceptional tax credit of £6.53m which consisted of deferred tax in respect of stock relief released as a result of the 1981 Finance Act, less applicable ACT.

There was an extraordinary debit of £3.69m (£3.44m) and this consists of £3m provision in respect of the investment in Davy's subsidiary in the Argentine, £1.06m reorganisation and closure costs, a £736,000 provision against unlisted investments and £406,000 costs in connection with the proposed offer from Enserch Corporation, less £518,000 tax relief.

Exchange differences arising on translation of assets and liabilities of foreign subsidiaries and related currency loans, previously dealt with as extraordinary items, are taken direct to reserves. The amount for the year was a loss of £924,000 against previous year's losses of £1.68m.

Sir John refers to the Enserch bid, made about a year ago, and says the approach was referred by the Office of Fair Trading to the Monopolies and Mergers Commission. In September, the Monopolies Commission said the acquisition by Enserch would not be in the public interest. As a result, Enserch decided not to proceed further.

Sir John says the announcement thus ended nine months of acute disruption with the attendant costs and effect on profits.

Commenting on the group's company in Argentina—it is a subsidiary of Davy's American organisation—Sir John says it is entirely staffed and well managed by Argentinian nationals and has a good record of profitability. The company is experiencing difficult trading conditions because it depends for much of its work on Argentine projects, and because the local economy is passing through an exceptionally difficult period.

He points out that the assets and liabilities of the Argentine subsidiary have not been consolidated at March 31 1982.

Sir John says the group's balance sheet was further strengthened by the rights issue in January of this year which raised some £25m of new capital, the proceeds from which were used to repay loans raised for the McKee acquisition in 1978. Goodwill, which mainly arose at that time, has been written off.

The company now carries little debt, he says, and the year closed with a cash balance of £57m.

The group's retained profits for the year were down from £9.34m to £2.47m, and this was after tax, extraordinary items and dividends, which absorb £6.54m (£5.06m). Earnings per 25p share improved from 14.2p to 16p.

See Lex

● NEWS ANALYSIS—AETNA LIFE STAKE IN SAMUEL MONTAGU

'Quantum leap' into U.S.

BY WILLIAM HALL, BANKING CORRESPONDENT

THERE have been rumours for some months that Aetna Life and Casualty, America's biggest non-mutual insurance company, was planning to take a major stake in a UK merchant bank.

S. G. Warburg's name had been mentioned following the establishment of Aetna Warburg Investment Management last year, and more recently Aetna's name was being canvassed as a possible investor in Guinness Mahon. However, Aetna has plumped for a 40 per cent stake in Samuel Montagu & Co., the sixth largest of the London accepting houses. This will cost it £66.1m and it has committed itself to providing another £16m of capital over the next five years.

Mr Staffan Gadd, the chairman and chief executive of Samuel Montagu, describes the move as a "quantum leap" for his bank and both Montagu's parent, the Midland Bank, and Aetna seem to think that the deal is the shape of things to come.

Mr Donald Conrad, Aetna's executive vice-president, says that the "size and scope of this alliance positions Aetna advantageously in the emerging global financial services market place and will enhance our strength in the U.S. where there is an increasing blurring of distinction between insurance and financial service markets."

He points to recent moves in the U.S. financial industry — Prudential / Bache; American Express/Shearson; Sears/Dean Witter: Connecticut General/INA — as evidence that the barriers between financial institutions are breaking down and there is a growing similarity of products and increased competition between financial institutions.

Mr Geoff Taylor, Midland Bank's chief executive and a director of Samuel Montagu, is of a similar mind. "You do not have to look very far down the road to see that there is a blurring of the edges and that insurance and banking are more likely to draw more closely together".

Aetna has been slower than some of its competitors to move both outside the U.S. and outside its own industry. Over the last few years it has been working to diversify its earnings from its highly cyclical insurance business and has said on more than one occasion that in order to enhance its competitive position it wants to become more involved in international financial services and insurance activities. Yesterday, Mr Conrad described the Montagu move as a "significant strategic step in meeting those financial services objectives."

There is talk of joint ventures with Montagu overseas especially in growth areas like the Far East, and Aetna expects to earn a competitive return on its money. Mr Conrad believes that a 15 per cent after tax return is the minimum acceptable, and he is confident that the investment in Samuel Montagu will do better than that.

But despite Mr Conrad's brave words it is easier to see what Samuel Montagu get out of the deal. With disclosed net worth of £65.6m ahead of the deal and profits of £8m, Samuel Montagu is a minnow compared with Aetna which boasts assets of $40bn. 1981 earnings of $481m and over 40,000 staff.

For Samuel Montagu the attractions of the deal are twofold. By comparison with some of its competitors it is poorly capitalised and gets little business outside its traditional areas of bullion dealing and money market trading.

The Aetna link gives it additional capital, and, more important, gives the bank access to a huge customer base in North America, an area where it has been under-represented. Taken together with the customer base of the Californian-based Crocker National Corporation (which its parent, Midland acquired last year), Montagu now has access to a customer base which must be the envy of its rivals.

Under the aggressive leadership of the Swedish born Mr Gadd, who was hired as chief executive of the merchant bank in 1980, Samuel Montagu has been going through a rapid transformation over the last couple of years. Several key executives have been head hunted from outside the bank to fill top positions in corporate finance, banking and the international capital markets. Mr Gadd's ambition is to build on the bank's traditional strengths in bullion, foreign exchange, money markets and bonds and broaden the bank's international base.

There have been several moves to strengthen Montagu's international operations in both Europe and the Far East. However, the Aetna deal dwarfs all others.

"This is a quantum leap for Samuel Montagu," says Mr Gadd. "We can now shorten the time it would otherwise have taken to develop our corporate finance, capital markets and investment management activities in the U.S." However, he is being rather coy about the actual details of his plans in this direction.

Samuel Montague has taken several steps towards re-establishing itself as one of the world's premier merchant banks and in the words of Mr Gadd the Aetna deal "will create an unprecedented combination of innovative capabilities and financial strength." However, it will be some years before the success can be judged.

In the short term, there are two problems. The Accepting Houses Committee has to decide whether it is going to blackball Samuel Montagu from its club and S. G. Warburg and Aetna have to decide what to do about their recently formed joint venture.

Of the two, the outcome of the last issue could be the more significant for Montagu over the longer term. There is a rapidly growing business in London for merchant banks advising U.S. pension funds on their international investments. This is the sort of business Montagu needs to be in if it wants to be seen as a premier player in the funds management game. Membership of the Accepting Houses Committee is very much a secondary issue.

Illingworth Morris recovers to £1.26m

A MARKED advance from a pre-tax loss of £2.41m to profits of £1.26m is reported by Illingworth, Morris for the year to March 31 1982. Turnover was up slightly from £97.52m to £101.42m, and trading profits lifted from £1.74m to £4.44m. A net dividend of 0.75p per 20p share is recommended for the year, up from last year's single dividend of 0.55p paid midway.

Interest charges totalled £3.01m (£3.99m) and reorganisation expenses amounted to £168,000 (£154,000). There was a tax charge for the year of £244,000 (credit £639,000), minorities took £123,000 (£119,000) and extraordinary debits came to £458,000 (£1.53m). Net earnings per share are stated at 2p (loss 4.9p).

The board's profit forecast made on September 14 1981 of £1.2m has been achieved, in spite of interest rates continuing at higher-than-anticipated levels during the second half of the year and a decrease in export contracts due to circumstances outside the company's control. Pre-tax profits midway stood at £628,000 (loss £1.5m).

On the basis of this forecast the group, a holding company with interests in the manufacture of wool and cotton textiles, anticipated that a dividend of 1p would be recommended. However, the board deemed it prudent to reduce this, since trading conditions in both the UK and principal export markets have since become increasingly difficult.

Although turnover for the first quarter of the current year was up to budgeted levels, margins were under severe pressure.

The group will benefit from a reduction in borrowing since year-end, but an acceptable level of profit for the year will depend on improved trading conditions.

Overseas problems involve an increase in stocks and debtors of £3.7m. However, the increase in borrowings was kept down to £2.4m, for a total £23.1m.

On July 1 1982 the group sold 60 per cent of its equity in a subsidiary engaged in topmaking and the sale of carpet wools. The net effect on the group will be to reduce borrowings by approximately £5.92m.

On a CCA basis, pre-tax losses come through at £2.06m (£4.11m).

● comment

Living up to a profit forecast is not the same thing as deciding on a dividend. Illingworth Morris has achieved its anticipated £1.2m pre-tax with a little to spare, but the dividend restoration has been reined back in the light of tighter trading conditions in the current year. All the same, the yield on Illingworth's "A" shares is 7 per cent at yesterday's 16p (and rather more at the Abele option price). Whatever the destiny of the Lothbury and LOG shares—shortly to be decided in court—Illingworth is set to extend its recovery this year. This month's sale of a 60 per cent share in Wool Top will reduce the interest charge by perhaps £1m over the next year, so even flat operating profits could see the pre-tax somewhere near £2m.

York Trailer surplus at £0.4m

A TURNROUND of £1.21m to pre-tax profits at the interim stage has been shown by York Trailer Holdings for the period ending June 30, 1982. Mr Fred Davies, chairman says the surplus £375,000 shows the progress back to corporate health. First half shares improved from £9.48m to £11.3m.

He points out that the payment of dividends, both preference and ordinary, has to be for the future. Earnings per 10p share were given as 1.63p compared with previous losses of 7.54p.

Mr Davies adds that good progress continues towards the prime target of reducing borrowings and he notes that the company has a good order book.

In the last full year the pre-tax losses stood at £1.22m (£1.99m) on sales of £15.9m (£31.06m). Since the year-end, first quarter profits were reported and it was hoped the momentum would continue until mid-year.

The company makes commercial semi-trailers for articulated vehicles, and third axle assemblies.

In the second quarter of the period the company absorbed the costs and redundancies of closing branches in Doncaster and Birmingham — which also produced a one-time disposal gain.

The company continues to gain an increasing share of a diminished home market. Exports are thriving and in Saudi Arabia the company's position as a dominant supplier of trailers and hydraulics has been consolidated by a local assembly agreement with a truck manufacturer.

The workforce at Northallerton has been increased and night-shift working restarted.

At the operating level profits of £573,000 were shown, against losses of £322,000. Interest costs were down from £454,000 to £315,000.

● comment

After first quarter profits of £30,000 York has only made £28,000 in the three months to June. Admittedly the latest turnout has been struck after further closure costs but that does not fully explain the lower figure. Still, after two years of losses that the slimmed-down York makes profits in two consecutive quarters is a fair achievement considering the burden of financing costs—capital gearing is coming down but it is still 120 per cent. Exports, amounting to 30 per cent of sales, are producing the bulk of the operating profits while at home components and hydraulics carry the company along. At this rate York might end the year in the black and get its gearing back down to 100 per cent. Dividends look out of the question. The controlling family company is no longer a willing seller though in fairness there were not many willing buyers around when the "For Sale" sign was hung out last year. However, if the company can fight its way back to some convincing semblance of health attitudes might change. Meantime the shares look stuck around 19p where the market capitalisation is £2m.

Norfolk Capital midterm loss increases

INCREASED losses of £358,705, compared with £197,382, are reported by Norfolk Capital Group, hotel operator, for the six months to March 31 1982. Turnover improved from £3.68m to £3.78m.

There is again no interim and the directors say that they have deferred consideration of a dividend until the after the year end — a final of 0.5p was paid previously.

Sir Maxwell Joseph the chairman, says that although the volume of business at the group's hotels is always affected by the winter season a further reduction took place because of the closure of the Royal Court hotel for major refurbishment.

He says it is not possible to forecast with any certainty the full year's trading result particularly as the period of highest profitability occurs in the last quarter. For 1980/81 the group recorded a loss of £29,000, compared with a profit of £337,000 in 1979-80.

During the half-year the freehold Angel Hotel, Cardiff, was purchased and the Lord Leycester Hotel, Warwick, was sold. Since March 31 1982 further disposals of hotels and other properties have taken place.

A circular will be sent, as soon as possible, giving full details of these transactions and of certain improvement schemes which have been and are being carried out at the company's hotels.

The half-year result was struck after interest charges, up from £209,544 to £241,900. The loss per 5p share is given at 1.89p (1.04p).

● comment

Norfolk Capital is keeping holders in suspense on just how the latest property shake out has affected the balance sheet. For the present they have to live with the news of a sharply higher halftime loss half of which is attributed to the closure of Royal Court for refurbishment, and half to write offs and start up costs relating to a new pub at Gloucester and its experiment with new style hotel-based restaurants. Eight years ago the group had 20 hotels. Today it has 11. That might not be bad if it had been able to follow the principle of acquiring early on the upside of a boom and shedding early on the downside. At the end of last year it was caught holding a portfolio that it had to devalue by over £4m in a very depressed market, while needing to keep borrowing down and to fund major refurbishments. The revaluation which sliced net asset value from around 70p to a shade above 45p should have taken the sting out of any subsequent sales below book. It is now pinning hopes on the upgrading programme. Current trading is a little ahead of a year ago but with Royal Court not reopening until October, not too much can be expected of the important closing three months. Hopefully the recent measures and closer attention from Sir Maxwell will be enough to nudge the group more into step with the business cycle. Yesterday the shares slipped 2p back to the 1982 low of 22p, less than half the last published asset value.

Wellman turnround to £1.08m by year-end

A GENERAL weakening in overseas markets and the lack of recovery at home failed to prevent The Wellman Engineering Corporation moving back into the black in the year to March 31, 1982, with pre-tax profits of £1.08m, compared with a £656,000 loss previously.

Turnover was up from £34.66m to £45.65m and operating profit jumped from £79,000 to £1.5m. Redundancy costs were down from £330,000 to £38,000 and interest payments were reduced from £405,000 to £357,000.

A same-again net final dividend of 1.75p per 25p share is recommended, maintaining the year's payout at 3.35p. Earnings per share are stated at 3.65p (0.15p) and net asset value per share is put at 63.8p (59p).

At halfway, the company reported a pre-tax profit of £411,000 (£372,000 loss).

The group, involved in thermal and mechanical engineering, experienced an extraordinary loss for the year of £216,000 (£714,000 profit) related to the closure of the Wellman Alloys subsidiary. Mr Alan Hopkins, the chairman, says that subsequent to the the year-end the group has acquired the business and certain assets of Stone-Platt Oldham. Its products are complementary to those of Wellman Bibby, with which they will be integrated.

There was a tax charge for the year of £603,000 (credit £675,000), and after extraordinary items attributable profit was lower at £263,000 (£733,000). Pre-tax profits on a CCA basis come through at £567,000 (loss £986,000).

● comment

Wellman has finished the year as expected and now faces an uncertain future. Exports have gone up in the year to £10m from £7m, but most of the orders have been from Eastern Bloc countries which are now noticeably lacking in foreign exchange. The U.S. is also running into difficulties. Coal gasification is now about as fashionable as a three-cornered hat: no major orders can be expected until the energy trends shift again. In the meantime, Wellman is planning to slash its wages and benefits bill in the U.S. and faces a show-down with the United Auto Workers this week. If a strike ensues, first-half profits could be badly hit. Longer-term, the company is more sanguine about its prospects. It has identified the beginnings of a pick-up in UK demand with some improvement in margins in furnaces and couplings. The shares, unchanged at 43p, are not expecting much. The yield is 11.6 per cent.

Moss Engineering Group calls in the receivers

Moss Engineering Group of Lichfield has called in receivers following the suspension on Tuesday of its shares at its own request. The suspension price of 53p put a market value of £3.26m on the company.

Mr Alastair Jones and Mr Timothy Brookes of the Birmingham office of Peat Marwick Mitchell have been appointed joint receivers to the holding company but not to its subsidiaries, Lloyds Bank International said.

The company ran into cash flow problems resulting from unexpected costs from a pumping station contract being carried out in the United Arab Emirates. It also encountered difficulties in transferring part of its production to Accrington, a board spokesman said.

The £4m contract to install 15 complete sewage pumping stations for the new city of Al Ain, Abu Dhabi, was the largest contract ever signed by the group. Moss's Wallwin Pumps subsidiary won the order in December 1979.

Unexpected demands placed on Moss by the main contractor on the Al Ain project, the South Korean Hyundai group, were part of the problem, which was compounded by Moss's unfamiliarity with large export orders, the company said.

Moss was required to maintain a larger staff of installation engineers on site than it had anticipated.

Moss has been holding discussions with Biwater Group, a private engineering company which bought a 12.3 per cent holding in Moss in a "dawn raid" in December, up to this week.

Biwater is still very interested in Moss's environmental operations though no agreement has been reached, Moss said.

Moss did not expect to recover fully in the second half of the year to August 31, although it did not expect to do as badly as the first half.

In the first six months it made a pre-tax loss of £1.35m compared with a profit of £253,127 in the comparable period. Turnover fell 20 per cent to £7.27m.

Australian 'Bulldog' allotments

APPLICATIONS FOR the Commonwealth of Australia £100m 13¾ per cent loan stock 2010 will be accepted and allotments made (subject to the terms of the prospectus, the clearance of payments and the issue of the stock) on the following basis:—up to £100,000—in full; £100,000 to £275,000 — £100,000; and £300,000 and over — as to 36 per cent.

Renounceable letters of allotment and cheques for any surplus application monies will be despatched as soon as possible and not later than July 28, 1982. The first interest payment, payable on June 28, 1983, will amount to £4.0935 per £100 principal amount of stock.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Atlantic Assets	0.3	—	0.25*	0.3	0.5*¶
Berisfords .... §int.	1.4	Sept 3	1.2	—	4
Bullough .... int.	4.7	Sept 13	4.2	—	10.75
C.S.C. Invest. Tst. ... int.	3.25	Sept 24	3.25	—	7.75
Cardinal Inv. Tst. ... int.	1.3	Sept 1	1.1*	—	3.3*
Celestion Inds.	1	Sept 14	1	1	1
Davy Corpn.	5.17	Oct 8	4.7	7.37	6.7
Derby Trust .... int.	10.61	Aug 31	8.89	—	19.77
Hampson Industries ...	0.5	—	0.5	0.75	0.75
Illingworth Morris	0.75	—	Nil	0.75	0.55
Ladies Pride .... int.	1.4	Oct 4	1.4	—	3.4
Y. J. Lovell .... int.	1.13	Oct 1	1.13*	—	4*
MFI Furniture	1.7	Oct 1	1.52	2.8	2.62
Meldrum Inv. .... int.	1.35	—	1.25	—	3.45
Munton Brothers	1	—	1.5	Nil	2.5
Wm. Ransom	5	—	4.18	6.5	5.68
Star Computer	2‡	—	—	—	—
Norfolk Capital ...... int.	Nil	—	Nil	—	0.5
Wellman Eng.	1.75	Sept 27	1.75	3.35	3.35

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § To partly reduce disparity. ¶ Includes special adjusted payment of 0.25p.

UK COMPANY NEWS

MFI climbs to £15m as net margins move upward

THE CONTINUING recessionary economic conditions have affected sales of MFI Furniture Group, retailer of household furniture and home improvements, throughout the year ended May 29, 1982. But although turnover for the period fell from £190.83m to £177.32m, pre-tax profits rose by £3.34m to £15.12m. First-half taxable figures were up from a restated £4.97m to £7.12m.

The directors explain that trading margins have been held during the second half and the group's success in controlling expenditure, despite inflationary pressures, has enabled it to continue an upward movement in net margins.

MFI has recently introduced a dire variety of merchandise, including a full selection of beds, into the majority of its branches and improved and extended many of its existing range of merchandise.

Sales since May are running at a higher level than at the same time last year and the directors say the group's strong and unique position in the market place leads them to take a restricted, but positive view of the year ahead.

The final dividend is being raised from 1.52p to 1.7p net making the total payment 0.18p higher at 2.8p per 10p share. Stated earnings per share improved from 5.91p to 6.18p.

Tax charge increased from £1.72m to £4.57m and there was an extraordinary debit of £43,000 (£14,000) being a loss on property disposals.

During the year, seven branches were opened in new areas, 10 were relocated and three small units were closed. At May 1982, 120 branches were trading with an average floor area of 22,000 sq ft. By the end of November the group will have opened four additional branches and completed three relocations.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Allied Textile, Brooke Tool Engineering, Lloyds Bank, Moorside Trust, St Andrew Trust.

Finals—John Brown, Andre De Bertz, Dom, East of Scotland Onshore, Ettel, Harold Ingram, Old Swan Hotel (Harrogate).

FUTURE DATES

Interims—

Lex Service ... July 28
Prestige ... July 29
Temple Bar Investment Trust ... July 26
Vantage Securities ... July 27

Finals—

Hillards ... Aug 2
London and Gartmore Inv Trust ... July 27
Slingsby ... July 28

† Amended.

Y. J. Lovell ahead to £1.15m

DESPITE continuing difficulties in economic conditions Y. J. Lovell, building contractor, produced a modest rise in pre-tax profits from £1.01m to £1.15m for the six months to March 31, 1982. Turnover moved ahead from £63.58m to £67.34m.

The steady growth achieved in construction, developments and related activities has been partly offset by losses in the timber division and plant hire, say the directors. A breakdown of turnover and trading profit figures show: construction and related activities £62.31m (£58.21), £1.27m (£1.01m); timber division £5.03m (£5.37m), losses £113,000 (—).

However, the directors say that the group has continued to make progress and they believe that successful growth can be sustained, particularly given some measure of encouragement from the economy.

Strong management action already taken in the timber division and in plant hire is expected to show improving trends in the second half. U.S. joint venture operations, however, show little prospect of improvement in the short term.

At the end of the last full year the directors reported record profits of £3.19m on a turnover of £137.11m. They were of the opinion at that stage that the group was well placed to take full advantage of opportunities that would present themselves in 1982.

The interim dividend has been effectively held at 1.125p—last year's total was an adjusted 4p. Adjusted earnings per 25p share for the six months are given as rising from 13.63p to 14.71p.

Tax took more at £86,000 (£69,000) and attributable profits emerged higher at £1.07m against £944,000 previously. After dividends, retained profits came through ahead from £782,000 to £866,000.

● comment

Though predictable, losses on plant hire and timber at Y. J. Lovell held profits rather below market expectations, and the share price fell 10p to close at 138p. Timber shows no sign of a turnround, although some slight relief has been provided by bargain basement softwood deals from the Russians. Plant hire lacks even that solace. However, Lovell has been fairly fast on its feet and moved away from industrial property and public sector work, both fiercely competitive. Instead it has concentrated on management deals with institutions which now account for 25 per cent of the construction work. The company should still be able to take advantage of the boom in private hospitals as a builder in spite of the recent sale of its direct management stake in the sector for some £2m. Meanwhile the other stalwart housebuilding, is performing at about the same level as last year. The £3.78m rights issue has been used mainly to build up a land bank but gearing is down from 50 per cent to 40 per cent. The shares on a maintained dividend yield 4.2 per cent.

Hampson Inds. slightly down to £509,000

DESPITE AN improvement in second-half figures, pre-tax profits at Hampson Industries for the year to March 31 1982 were down slightly from £544,000 to £509,000, on turnover reduced from £15.71m to £14.85m.

The group whose interests include engineering and industrial cleaning, is recommending a final net dividend of 0.5p per 5p share, giving an unchanged payout for the year of 0.75p. Earnings per share are stated at 1.49p (1.61p).

Tax for the year took £189,000 (£198,000) and there was an extraordinary debit of £78,000 (£24,000).

First-half reduction at Westminster Property

FOR THE half year to March 31 1982 the Westminster Property Group reports taxable profits of £43,000 compared with £182,000 for the same period last year.

Taxable profits were struck after expenses of £19,000 relating to completed developments that have not been let, and interest payable of £360,000 (£100,000).

The figures also include interest on development projects transferred to property costs of £176,000 (£46,000). There was no tax charge.

Property investment increased from £112,000 to £207,000 while profit on property sales fell from £124,000 to £39,000. Extraordinary profits to be transferred to capital reserves were up at £1,465 against £1,111.

The board will consider a final dividend when the annual accounts are presented in September. Last year a net final of 0.625p per 20p share was paid.

Mr Patrick Ravenhill, chairman, says that although the property market has remained sluggish, with property sales lower than anticipated, the two Harlow warehouses have been let at rents in excess of those anticipated, and will be rent producing from June and August.

He says that all but two of the warehouses at the Aberdeen development have also been let and of these is under offer.

MINING NEWS

Light and shade from Anglo's gold producers

BY KENNETH MARSTON, MINING EDITOR

THE June quarterly reporting season from the South African gold mining industry is brought to a close with a mixed set of results from the Anglo American Corporation group which also throws in some interim dividend declarations.

Of the interim dividends announced, the payment of 35 cents (17.5p) from South African Land and Exploration compares with only 15 cents a year ago and exceeds market expectations. The other dividends, shown in the accompanying table, are much in line with what had been expected.

	July 1982	Jan 1982	July 1981	Jan 1981
	cents	cents	cents	cents
SA Lands	*35	25	*15	20
Southvaal	*120	195	*160	260
Vaal Reefs	*350	530	*450	700
Western Deep	*135	205	*200	400

*Denotes interim.

Like the curate's egg, the latest quarterly profits are good in parts. Particularly welcome has been the recovery staged by the young Elandsrand mine which has moved from a loss in the March quarter to the best three-monthly profit earned since the September quarter of 1980.

Gold production is up thanks to increased milling and better ore grades while unit costs have dropped.

The mine has thus upgraded its planned production figures for 1982 to 6,500 kilogrammes gold (previously 5,590 kg) from 1.4m tonnes of ore (1.3m tonnes) at a gold grade of 4.65 grammes (4.30 g).

Capital expenditure for the year is now estimated at R25m (£12.5m) compared with R27.5m previously.

Lower dollar prices obtained for gold in the June quarter but, as we have already seen in the cases of the other mining groups, the fall in the value of the South African rand has cushioned the effects on mine revenue in terms of rands.

Even so, the mines have still received a lower price than in the March quarter as the following table shows.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce):—

	Qtr ended June 30	Qtr ended March 31
ERGO	R11,729 ($388)	R12,019 ($381)
Elandsrand	R11,507 ($328)	R11,704 ($364)
Free State Geduld	R11,641 ($335)	R11,727 ($367)
President Brand	R11,553 ($330)	R11,780 ($358)
President Steyn	R11,531 ($329)	R11,738 ($368)
S. A. Land	R11,536 ($330)	R11,516 ($358)
Vaal Reefs	R11,578 ($330)	R11,634 ($364)
Western Deep	R11,641 ($334)	R11,692 ($367)
Western Holdings	R11,567 ($331)	R11,754 ($367)

Vaal Reefs has achieved the winning combination of increased milling, higher ore grade and reduced costs at its gold operations. The company has also been mining uranium on a royalty basis at the Afrikander Lease property.

Because of the weakness of the market for the material the operations have been suspended and, instead Vaal Reefs proposes to mine the remaining gold ore from the old Afrikander mine.

Ore reserves are put at 1.4m tonnes grading an average 3 grammes gold per tonne and Vaal Reefs proposes to start milling this ore in the final quarter of the year at a rate of 15,000 tonnes per month, increasing to 26,000 tonnes.

Royalties from the operation will give Afrikander a modest income until the uranium market revives in, it is hoped, the late 1980s.

President Steyn has also lifted its profit. Despite a lower grade of ore an increased tonnage milled has resulted in higher gold production and there has also been a good reduction in unit costs. Earnings have been additionally helped by a higher share of profit from the joint metallurgical uranium slimes treatment scheme.

Gold production at Western Deep has risen in line with increased milling and a higher ore grade. This has offset the effects of a sharply reduced uranium profit and lower sundry revenue. Sinking of the main new No. 1 shaft is to be speeded up following the inrush of water that has hit operations at the services shaft.

On the other side of the coin, Free State Geduld's fall in production and profits stems from the "seismic events," or underground earth tremors, which caused loss of life and injuries to miners in April and also damaged two shafts and the associated underground workings.

As reported here last month, however, the shafts affected are back in full production. Gold production at the year-end is expected to be close to the original forecast now that mining of the higher grade areas is under way.

Western Holdings has lifted gold production and has reduced costs during the latest quarter. But the benefits of the higher profits have been swallowed up by a sharp increase in tax resulting from a reduction in the offsetting capital expenditure.

The latest quarterly profits are compared in the accompanying table.

	June qtr R000	Mar qtr R000	Dec qtr R000
ERGO	12,820	13,354	12,627
Elandsrand	5,574	*429	2,065
F. S. Geduld	23,904	35,189	36,932
Pres. Brand	22,023	27,486	27,070
Pres. Steyn	21,881	19,661	30,041
S. A. Land	1,383	1,457	1,990
Vaal Reefs	69,844	54,795	93,696
W. Deep	46,032	39,122	62,972
W. Holdings	28,980	37,615	37,825

*Loss.

Habit Precision Eng. comes back into black

A return to profits of £8,500 is reported by Habit Precision Engineering, manufacturer of precision cutting tools, for the six months to March 31 1982. This compares with losses of £86,300 for the same period last year.

Turnover was down from £771,000 to £389,000, while trading profit was £40,400 compared with losses of £39,300.

Earnings per 5p share were stated at 0.26p compared with 0.11p. The company says consideration will be given to dividend payments as soon as they are justified by profits.

Taxable profits were struck after interest of £40,600 (£33,000) and included exceptional credits of £8,700 (debits £14,000).

There was no tax charge compared with a credit of £90,000 last year.

The company completed its purchase of Walton Jigs and Tools during the year. The directors say that, as expected, this company had a slow start but increased activity with most of its customers has given it a significant boost. Waltons is now to increase its workforce.

The directors say the acquisition of the competitor Wellson Abrasive for £1.73m has recently been completed — a company which specialises in diamond impregnated products. They say they expect substantial benefits from the integration of Wellson into existing diamond tooling operations.

The directors add that, while recovery to full profitability is taking longer than was hoped, they are confident the right measures have been taken.

Linked life and pensions growth by Abbey Life

STRONG growth in the first six months of 1982 on linked life and pensions products is reported by the Abbey Life Group. But a decline in guaranteed bond sales cut back the group's single premium growth. New annual premiums advanced 16 per cent to £23.1m, but single premiums slipped from £53.5m to £52.4m.

New life annual premiums climbed nearly 30 per cent to £11.6m, with the new whole life plan pulling in £7.5m in the period since its launch early this year. This growth has been made at the expense of sales of other contracts. Linked single premiums on life business rose from £25.2m to £26.5m, but guaranteed bond sales were cut from £24.6m to £17.8m.

New pension annual premiums increased from £10.9m to £11.5m, the whole of this growth coming from personal pension contracts for the self-employed. Here premiums rose from £4.6m to £5.4m. Sales of executive schemes slipped slightly from £6.3m to £6.1m.

Pension single premiums more than doubled from £3.3m to £7.6m, with self-employed pension premiums rising from £1.5m to £5.2m and executive pensions from £1.8m to £2.4m.

Bullough's mid term rise

PRE-TAX PROFITS of Bullough, the holding company for engineers and manufacturers, rose from £1.73m to £2.32m in the first six months to April 30, 1982.

The net interim dividend has been raised from 4.2p to 4.7p per 20p share. Last year a final of 6.55p was paid.

Turnover dropped slightly from £22.16m to £21.93m. Attributable profits moved ahead from £896,000 to £946,000.

Tax took more at £991,000 against £773,000. There was an extraordinary debit of £382,000 (£61,000) which mainly related to the capital loss incurred on the sale of B. and B. Trailers.

The directors say that the largest company in the group, Project, further improved its performance while Hago Products also moved ahead. They say interest earnings added a useful contribution.

Several smaller companies, which made losses in the first half of last year, have been turned around successfully, say the directors, so that all companies, except one, were profitable in the first half.

The directors forecast that earnings in the second half should not be less than those reported for the half year. Some companies expect to hold or marginally improve their results

Warne appeals again for rejection

Frederick Warne, publisher of the Beatrix Potter stories, has issued a further appeal to shareholders advising them to reject the partial offer from the Batsford Group.

Shareholders with pressing personal reasons to sell should contact the company, Mr David Bisacre, the chairman, said in a letter.

Batsford has offered 162p for up to 249,516 ordinary £1 shares, representing 29.99 per cent of the equity, valuing Warne, a public unlisted company, at £1.35m. The offer closes today.

Warne has ordered the first insurance valuation of the Beatrix Potter paintings, drawings and manuscripts to be carried out for several years, County Bank, Warne's advisers, said.

County Bank has bought in about 24,000 Warne shares from holders with pressing needs to sell since the Batsford bid was announced.

CENTREWAY INDUSTRIES

Centreway Industries, the Birmingham holding company, announced last night that it had received acceptances in respect of 82.5 per cent of shares of Wilkins and Mitchell and its offer has been declared unconditional.

Servis Holdings, a new Centreway subsidiary, offered one of its own shares with a nominal value of 1p, or a cash alternative, for each Wilkins and Mitchell share, valuing the company at only £64,000.

Servis is half owned by Centreway and half by Wilkins and Mitchell shareholders who accept the bid.

Servis says it now plans to develop its automatic washing machine business. The power press activities of Wilkins and Mitchel, which made substantial losses, have been put in the hands of a receiver.

Berisford intensifies BSC campaign with sugar sales

S. and W. Berisford, commodity dealer, yesterday revealed that it was selling its UK sugar merchanting and related companies to Napier Brown and Co. as part of its campaign to gain control of British Sugar Corporation.

Under the deal, S. and W. Berisford (Sugar), Borlands and Sclanders, Hardisty, Commodities and Commodity Producers and Packers will be sold to Napier Brown for £1.76m cash, representing their net asset values of £364,000 paid on completion, and a goodwill payment of £1.4m payable over four years subject to reduction in the future levels of profit.

Immediately prior to the sale Berisford received dividends totaling £4.8m. Berisford Sugar and Borlands and Sclanders act as domestic merchants, supplying both British refined and imported sugar to the UK market. These merchanting businesses are separate from Berisford's commodities division and in particular, from Berisford's international sugar trading activities. Hardisty is a local distributor of sugar and CPP is a packer, miller and bulk handler of sugar.

Following completion of the conditional agreement to acquire 10 per cent of British Sugar's shares which would give Berisford control, Berisford intends to carry out undertakings it gave to the Trade Secretary which would restrict it trading in Tate and Lyle sugar and sugar products.

The Tate and Lyle merchanting activities account for a substantial proportion of the turnover of the companies which have not been sold which, for the year to September 30 1981 made combined profits before tax of £2.26m.

Berisford said yesterday it believed "that the sale to Napier Brown, itself a long established independent UK sugar merchant and importer, which is free to carry on trade in any sugar from whatever source, is not only in the best interests of Berisford shareholders, but will enable Berisford Sugar, Borlands & Sclanders, Hardisty and Commodity Producers and Packers to continue providing a competitive and comprehensive service to their suppliers and customers."

Following the completion of the sale Berisford will no longer be involved in the merchanting of British refined sugar for the UK market.

The move prompted a sharp reaction from British Sugar's chief executive, Mr John Beckett. "This sort of manoeuvering, in an attempt to undermine our representations and our case in Luxembourg is unlikely to impress the European Commission, the European court or the Office of Fair Trading and certainly does not impress us."

A. H. Hermann, legal correspondent adds: the smallness of the sum for which the business was sold in relation to its profitability is likely to oblige the EEC's department of competition to investigate whether there is no market linkage between the parties before drawing any conclusions about the effect of this sale of the proposed take-over by Berisford of British Sugar.

See Lex

Pentlow heads three-way food and drink link-up

THREE COMPANIES involved in the wine and food business have agreed in principle to link up. Dolamore will merge with Rawlings Voigt, and both will then be acquired by Pentlow Holdings.

Pentlow, which has dealings under Rule 163, is the owner of Bentleys Restaurant and Oyster Bar, while Dolamore is a shipper of fine wines, and one of only eight which have been granted the Royal Warrant. Rawlings Voigt is an agent for overseas suppliers of wines.

Hambros Bank, which is advising the parties, said yesterday that the deal would take some weeks to arrange, but that the consideration to be paid by Pentlow would be "not very significant."

Mr Richard King, a director of Pentlow said that Dolamore and Rawlings were both in "difficult trading situations" and that Pentlow intended to restore them to profitability following "a capital injection and rationalisation."

It is intended that Dolamore and Rawlings will be operated as independent selling arms, but that warehousing and distribution will be merged in London.

Pentlow acquired Chaundrye Properties in April this year, and two days ago announced pre-tax profits of £423,000 for the year to March 1982.

Lookers' final plea to Braid members

Lookers yesterday made a final appeal to shareholders of Braid Group to withdraw their acceptances and sell their shares, if they want to receive the 39p per share level of its offer.

Lookers, a Manchester-based vehicle distributor, has been urging shareholders to withdraw their acceptances since it became apparent that its revised £8.58m bid for Braid might not succeed.

In a "final reminder" to Braid shareholders issued yesterday, Lookers said that if its offer lapsed, the market price was likely to "move sharply in a downwards direction."

There would be a restricted market in Braid shares and their value would reflect the heavy losses and lack of dividends, it added.

Lookers' offer closes at 3.30pm on July 28 and may not be extended under the City Code on Takeovers and Mergers.

Lookers announced yesterday that a subsidiary had acquired a further 100,000 Braid shares taking its holding to 2.36m shares or 39.3 per cent of the equity. Acceptances amounted to 170,947 shares (3 per cent) giving Lookers control of 2.54m shares (42.3 per cent).

PITMANS

Copp Clark, a Pitmans Group Toronto-based subsidiary, recently sold the assets of its book manufacturing division to a separate company, the Hunter Rose Company W.E.F.

The assets were transferred at a value of £894,000 (C$1,900 in excess of book value), satisfied by £438,000 cash and an issue of 9,408 class A preference shares, 56,667 class B participating non-voting shares, and 3,333 common shares all without par value.

Copp retains 60 per cent of the equity but controls only one-third of the votes, controlling interest having been acquired by a number of employees of both Hunter and Copp.

Proceeds will be used to reduce bank borrowings.

JOHNSON GROUP CLEANERS

In a circular issued to shareholders, the chairman of Johnson Group Cleaners states that the company and its advisers have been engaged in the preparation of detailed submissions to official City and Government bodies, who require information and representations in the case of a contested take-over bid.

This work is nearly finished and shareholders will receive in a few days a comprehensive document explaining the board's full reasons for opposition to the Sunlight bid.

Shareholders are asked not to take any further action.

Howden underwriting curb

Alexander Howden Group's underwriting management company is not renewing or accepting further insurance business for syndicate 127, one of the largest underwriting syndicates at Lloyd's.

Mr Michael Glover of Alexander Howden Group said yesterday that the syndicate, whose underwriter is the controversial Mr Ian Posgate, could be in danger of breaching its premium income limits which are set by the Lloyd's authorities if it took on more business.

The syndicate, which has capacity of around £100m, is consistently one of the most successful at Lloyd's.

Following the ruling by Parliament that Lloyd's insurance brokers will have to sell their shareholding links with underwriting syndicates, a number of underwriting agents have been taking members, whose interest they look after, away from the Howden syndicates. More than 400 members are to leave the 3,500-strong syndicate representing under 10 per cent of the syndicate's capacity.

Mr Glover said that no discussions were yet underway at Howden over the divestment of the group's syndicates

MULTITONE

The application list for the recent tender offer from Multitone Electronics closed yesterday at 10.01 am.

The striking price and basis of allotment will be announced today.

Vickers axes arbitrage dealing

Stockbrokers Vickers da Costa is to stop arbitrage dealing in foreign stocks.

The company announced last night that it had made a gross profit, after allowing for interest and external costs, on this business, but the margins were too narrow to contribute adequately to internal costs. Resources can be more profitably employed in developing other services, it said.

Staff will be moved to other activities wherever possible, but a small number of redundancies is unavoidable.

The profitability of arbitrage dealing has been in decline for some time and this has been accentuated by the Designated Dealer Rules introduced in 1980 by the Council of the Stock Exchange, Vickers said. Other stockbrokers engaged in arbitrage have also considered whether they should continue.

Vickers said it made a substantial profit and further strengthened its balance sheet in the first 10 months of the current financial year.

LONDON TRADED OPTIONS

July 22 Total Contracts 1,795 Calls 1,541 Puts 254

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	280	2	—	15	4	22	1	266p
BP (p)	260	4	—	9	5	12	10	"
BP (p)	280	15	4	22	—	26	—	"
CU (c)	120	26	—	28	1	30	—	145p
CU (c)	130	15	2	20	—	22	1	"
CU (c)	140	5	7	12	1	17	—	"
CU (c)	160	1	—	6	3	—	—	"
Cons. Gld (c)	330	70	—	80	4	84	3	399p
Cons. Gld (c)	360	40	29	54	1	60	—	"
Cons. Gld (c)	390	13	17	26	8	35	—	"
Cons. Gld (c)	420	3	61	14	11	19	5	"
Cons. Gld (c)	460	1	—	7	10	—	—	"
Cons. Gld (c)	500	—	—	2½	4	—	—	"
Cons. Gld (p)	390	6	—	24	1	30	—	"
Ctlds. (c)	60	21	4	—	—	—	—	80p
Ctlds. (c)	70	11	5	17	—	20	—	"
Ctlds. (c)	80	2	24	9	5	12	—	"
Ctlds. (c)	90	1	—	3	53	7	—	"
GEC (c)	900	173	12	190	3	210	—	1068p
GEC (c)	950	123	12	140	2	163	1	"
GEC (c)	1000	73	2	100	—	123	8	"
GEC (c)	1100	5	—	45	4	75	8	"
GEC (p)	1100	45	—	65	—	75	1	"
Gr'd Met. (c)	174	73	5	78	—	—	5	246p
Gr'd Met. (c)	194	53	7	58	—	63	—	"
Gr'd Met. (c)	214	33	—	38	1	43	—	"
Gr'd Met. (c)	220	27	—	33	4	38	2	"
Gr'd Met. (c)	240	7	—	18	9	23	12	"
Gr'd Met. (p)	200	½	—	3	—	3	3	"
Gr'd Met. (p)	240	4	—	9	1	12	—	"
ICI (c)	280	26	2	34	1	42	—	302p
ICI (c)	300	8	—	21	17	32	—	"
ICI (c)	330	2	—	8	2	18	2	"
ICI (p)	280	1	—	5	4	8	—	"
ICI (p)	300	5	21	13	10	18	—	"
ICI (p)	330	28	5	32	—	38	4	"
Land Sec. (c)	260	26	5	35	4	42	—	284p
Land Sec. (c)	280	7	23	21	2	28	—	"
Land Sec. (c)	300	¾	—	10	6	15	—	"
Mks & Sp. (c)	130	34	—	40	16	—	—	163p
Mks & Sp. (c)	140	24	12	30	2	32	—	"
Mks & Sp. (c)	160	4½	57	12	70	18	5	"
Mks & Sp. (c)	180	1	—	4	25	6	35	"
Shell (c)	360	42	1	50	—	58	—	400p
Shell (c)	390	14	2	27	3	38	—	"
Shell (p)	420	24	3	28	—	36	—	"
		August		November		February		
Barclays (c)	383	12	2	25	—	—	—	363p
Barclays (c)	417	2	—	4	13	—	—	"
Barclays (p)	350	¼	—	6	15	8	—	"
Barclays (p)	360	3	—	12	30	13	—	"
Barclays (p)	383	11	—	18	10	28	—	"
Barclays (p)	390	20	—	25	12	47	—	"
Barclays (p)	417	36	6	47	—	—	—	"
Imperial (c)	90	10	30	12½	15	16	—	100p
Imperial (c)	100	2½	—	7	10	9½	—	"
Imperial (c)	110	¾	—	3	15	5½	—	"
Lasmo (c)	330	3	2	16	—	30	—	294p
Lasmo (c)	360	2	—	8	2	17	—	"
Lonrho (c)	70	23	7	24	9	25	—	92p
Lonrho (c)	80	13	172	15	105	18	8	"
Lonrho (c)	90	5½	162	9½	154	11½	25	"
Lonrho (p)	80	1½	—	3	14	4	10	"
Lonrho (p)	90	4	20	7	7	9	—	"
P & O (c)	130	26	3	30	—	—	—	155p
P & O (c)	140	16	—	21	7	26	—	"
P & O (c)	160	3	1	8	—	12	—	"
Racal (c)	420	70	3	88	—	105	—	485p
Racal (c)	460	33	33	50	5	65	—	"
Racal (c)	500	11	—	25	2	35	—	"
Racal (p)	460	4	—	13	2	20	—	"
Racal (p)	500	20	24	30	—	40	—	"
RTZ (c)	360	50	3	65	—	72	—	409p
RTZ (c)	390	22	18	37	—	48	—	"
RTZ (c)	420	7	20	22	1	35	—	"
RTZ (c)	460	1½	—	9	—	17	33	"
RTZ (p)	360	3	—	8	1	15	—	"
RTZ (p)	420	22	—	33	4	40	—	"
Vaal Rfs. (c)	40	11	20	11½	5	12½	—	$50
Vaal Rfs. (c)	45	6⅛	7	7¾	1	9	—	"
Vaal Rfs. (c)	50	2¾	—	4⅛	—	5¼	2	"
Vaal Rfs. (p)	45	1¼	5	4¼	13	6⅛	—	"
Vaal Rfs. (p)	55	7⅛	—	10	10	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	[illegible]	[illegible]	[illegible]	[illegible]	3	80	$353.50
GOLD C	$325	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GOLD C	$350	35	15	31	25A	30	46	"
GOLD C	$375	24	7A	58	21	—	—	"
GOLD C	$400	[illegible]	[illegible]	[illegible]	[illegible]	—	—	"
GOLD P	$325	19	[illegible]	26	4	5	[illegible]	"
GOLD P	$350	6	10	60	17	1	21	"
GOLD P	$375	1	26	33	29	—	—	"

TOTAL VOLUME IN CONTRACTS [illegible]

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank Hapoalim BM	12 %
Bank of Ireland	12 %
Bank Leumi (UK) plc	12 %
Bank of Cyprus	12 %
Bank Street Sec. Ltd.	13 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
Canada Perm't Trust	13 %
Castle Court Trust Ltd.	12½%
Cavendish City T'st Ltd.	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
Citibank Savings	¶12½%
Clydesdale Bank	12 %
C. E. Coates	13 %
Comm. Bk. of Nr. East	12 %
Consolidated Credits	12½%
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E.T. Trust	12 %
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	13 %
Robert Fraser	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Hargrave Secs. Ltd.	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Kingsnorth Trust Ltd.	13 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13½%
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Roxburghe Guarantee	12½%
Slavenburg's Bank	12 %
Standard Chartered	■12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB	12 %
United Bank of Kuwait	12 %
Volkskas Intl. Ltd.	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1 month 9.25%. Short term £8,000/12 month 11.6%.
† 7-day deposits on sums of under £10,000 9%, £10,000 up to £50,000 9¼%, £50,000 and over 10%.
‡ Call deposits £1,000 and over 9%.
§ 21-day deposits over £1,000 10%.
¶ Demand deposits 9%.
¶ Mortgage base rate.

UK COMPANIES

Star Computer rises £82,000

PROFIT before tax of Star Computer Group increased from £740,000 to £822,000 in the year ended April 30 1982, following a rise to £201,000, against £179,000, at the interim stage.

The group which came to the Unlisted Securities Market in June 1981 is paying a dividend of 2p per 10p share.

The directors state that the group—which provides turnkey computer systems—is now "well placed to attack a wider range of markets than ever before." They say that recent months have seen definite signs of strengthening in the market for the company's products and the order book is at its highest level. The directors say that they look forward to a record year.

They are in negotiations which may lead to the group acquiring all or part of the business of Hartley Computer UK.

The group has consolidated its leading position in the accountancy market and has continued the development of hardware and software for that and other markets.

Turnover amounted to £4.04m (£3.84m). Tax required £220,000. Flotation costs of £67,000 have been transferred from the share premium account. Earnings per share are stated at 11.5p (10p).

● comment

Share prices which romp along at 30 times earnings are usually looking for something a bit more racey than profits growth of 11 per cent. By past standards Star's performance is pedestrian but at least its profits are going up which is more than can be said for some in the sector. The pressure on Star's margins (sales rose by over 40 per cent) is largely due to the strength of the dollar. Virtually every piece of equipment it buys, whether from the U.S. or not, is priced in dollars and the domestic market has just been too competitive to pass on higher sterling costs. Also the company has increased staff levels by a quarter to develop a range of new services. That may have depressed last year's profits but there is little doubt of the ultimate impact the new services could have on profits, especially the one aimed at solicitors due to be marketed in a few weeks. The figures apart it looks as if Star is about to gobble up its major competitor in the accountancy market. If a price can be agreed for Hartley it is a fair bet that the company will use its paper for a deal which would more than double the client base. The share price eased 10 to 220p yesterday, yield 1.1 per cent, but the market's enthusiasm for this type of stock is unlikely to wane yet.

Unsatisfactory UK demand at Metal Box

IN THE first three months of the current year at Metal Box, UK demand for its products taken overall, had been unsatisfactory, Mr D. I. Allport, the chairman, told the annual meeting.

However, demand for beer and soft drink cans had recently been better and enabled price increases to be made which would go some way to redress the previous uneconomic pricing levels, he stated.

As to the future, the chairman said it would be wrong to assume anything more than the possibility of modest gains in the company's performance over the remaining months of the year in the UK.

Overseas, results were going broadly to plan, although the sharp downturn in trading in the U.S. was having some effect on business in that country.

There was no thought of any rights issue at present.

At other AGMs the following:—

Dr Peter Main of Boots said the group was expected to continue to make progress.

Mr L. W. H. Rea of Braby Leslie said that the more encouraging indications, which were emerging, had been reinforced by the receipt of further major orders in the process engineering division. The board could see a real prospect of a return to profitability there.

In all other divisions the improvement while not so dramatic, was being well maintained.

The company had reached agreement with Taylor Woodrow to purchase, for around £50,000, its Taymech aviation equipment business.

Breugreen (Holdings) had made a strong and encouraging start to the year, exceeding the board's expectations. Accounts for the first quarter of this year showed a substantial increase of around 75 per cent against the profit reflected in the first quarter last year.

Mr T. F. Honess of Butterfield Harvey reported that the reorganisations, mainly at Shelvoke and Drewry, were proceeding according to plan. The order intake generally during the first three months of the year indicated that the forecast of improved results in the second half would be achieved.

Mr Charles H. Mitchell of Century Oils Group said the company's long-term strategy was proceeding on course both at home and overseas. The recession was still affecting the group, but budgets, forecasts and expectations indicated that profits for the year as a whole would continue to show progress. However, first-half profits were likely to be below last year's level which were unusually high.

At Sketchley, sales and pre-tax profit for the first quarter of 1982-83 were slightly ahead of those for the corresponding period of the previous year, Mr Gerald Wightman stated.

Mr Michael Montague of Valor said the trading pattern in the first part of the financial year was showing satisfactory progress.

Latest sales figures in the gas showrooms were better. Valor was bringing out two new gas heaters on sale this autumn which introduced new standards of efficiency, while new cookers were also being launched.

Berisfords advances by £90,000 at six months

IN SPITE of lower margins in many markets and higher costs than expected arising from the commissioning of the new dyehouse, pre-tax profits of Berisfords have shown a useful improvement from £312,000 to £402,000 for the half year to May 14, 1982.

Vigorous management action has been taken and this will lead to an improvement in the second half, says Mr D. R. B. Mynors, chairman of this manufacturer of ribbons, trimmings, labels, lampshades and embroidery.

Although there are signs of weakness in some export markets and some patches of the UK market, the company's order book is strong enough to suggest that second-half taxable profits will be at least the same as those now reported, Mr Mynors states.

In the previous full year, pre-tax profits picked up from a depressed £256,000 to £745,000.

The net interim dividend is 0.2p higher at 1.4p per 25p share, but the increase is partly to reduce disparity and the chairman says it should not be automatically assumed that the same rate of increase will apply to the final. First half earnings per share rose by 2.2p to 6.9p.

Group external sales advanced from £4.82m to £5.01m, although the improvement was not evenly shared among the various divisions. Exports increased significantly, particularly in ribbons, and reached 29 per cent of total turnover.

Trade was less good in domestic furnishing trimmings and the market for embroidery was affected by import restrictions in Nigeria, which is normally an important market for embroidery producers.

Pre-tax profits were struck after reduced net interest payable of £35,000 (£91,000) and exceptional expenditure of £30,000 (£50,000). Tax charge was up from £21,000 to £24,000 giving a net balance of £275,000, compared with £191,000.

The interim dividend absorbs £57,000 (£49,000) leaving retained profits of £221,000 (£142,000).

Derby Trust rises midway to £498,000

After interest and management expenses, and including a tax credit, the income account at Derby Trust has shown a rise in revenue from £411,000 to £498,000 for the half year to June 30, 1982.

The interim dividend has been lifted from 5.889p net to 10.606p per £1 share—last year a total of 19.765p was paid from pre-tax revenue of £918,764.

The directors report that a rise of 3 per cent in the UK market was overshadowed by substantial falls in sterling terms of the overseas markets—U.S. 2 per cent, Canada 30 per cent, Hong Kong 9 per cent, Japan 11 per cent and Australia 21 per cent.

Tax took £183,000 (£148,000).

The asset value per 50p capital share was given as £5.71 (£6.17).

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Orange Free State

Reports of the Directors for the quarter ended June 30 1982.

WESTERN HOLDINGS

Western Holdings Limited

ISSUED CAPITAL: 14 334 376 shares of 50 cents each

	Quarter ended June 1982	Quarter ended Mar. 1982	Nine months ended June 1982
OPERATING RESULTS			
GOLD			
Area mined—m² 000	381	376	1 115
Tons 000	2 069	1 926	5 917
Yield—g/t	5.06	5.01	5.01
Production—kg	10 433	9 648	29 645
Cost—R/m² mined	213.94	206.27	210.16
—R/ton milled	39.40	40.27	39.60
—R/kg produced	7 813	8 039	7 904
JMS (See Summary)			
Slimes delivered			
Tons milled—000	1 839	2 078	6 066
Head grade			
gold—g/t	0.42	0.43	0.42
uranium—kg/t	0.10	0.11	0.11
sulphur—per cent	0.92	0.84	0.85
PRICE RECEIVED ON SALES			
Gold—R/kg	11 567	11 754	12 239
—$/oz	331	367	376
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	121 368	112 019	359 209
—costs	81 513	77 558	234 328
—profit	39 855	34 461	124 881
JMS profit	1 476	565	2 516
Net sundry income	4 740	4 594	15 090
Profit before taxation and State's share of profit	46 071	39 620	142 487
Provision for taxation and State's share of profit	17 091	2 005	38 267
Profit after taxation and State's share of profit	28 980	37 615	104 220
Deduct:			
Appropriation for the first six months—capital expenditure			42 187
Dividend—interim			30 102
Retained profit for the nine months			31 931
Capital expenditure:			
—Total	17 727	31 943	87 864
—Erfdeel division	5 480	17 541	30 226
SHAFT SINKING—ERFDEEL DIVISION			
Ventilation shaft			
Advance—metres	414.7	280.9	727.2
Depth to date—metres	774.4	359.7	774.4
Station cutting—metres	17.4	17.5	34.9

Main shaft

As indicated in the joint announcement with Eastern Gold Holdings Limited published on April 27 1982, the start of sinking of the main shaft has been delayed until at least the end of September 1982.

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
HOLDINGS DIVISION							
Basal reef							
Quarter ended June 1982	7 159	986	22.7	80.53	1 828	0.69	15.71
Quarter ended March 1982	5 960	604	22.4	107.01	2 397	0.73	16.44
Nine months ended June 1982	19 626	2 286	23.3	97.68	2 276	0.67	15.61
Leader reef							
Quarter ended June 1982	3 550	1 066	148.1	3.48	515	0.12	18.08
Quarter ended March 1982	3 263	1 154	138.5	3.97	550	0.16	22.64
Nine months ended June 1982	9 937	3 344	143.7	3.70	532	0.14	20.45

The development reported does not include development by Free State Geduld Mines Limited in the area under tribute to that company.

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
WELKOM DIVISION							
Basal reef							
Quarter ended June 1982	2 707	164	19.9	57.29	1 140	1.87	33.27
Quarter ended March 1982	2 741	332	13.0	76.62	996	1.52	19.79
Nine months ended June 1982	7 991	846	16.3	64.72	1 055	1.34	21.90
"A" reef							
Quarter ended June 1982	Nil	—	—	—	—	—	—
Quarter ended March 1982	24	32	204.3	1.02	209	0.04	7.43
Nine months ended June 1982	120	90	181.3	1.45	262	0.04	7.31
Leader reef							
Quarter ended June 1982	1 461	836	119.4	2.15	257	0.17	20.22
Quarter ended March 1982	1 310	498	125.9	2.58	325	0.20	25.71
Nine months ended June 1982	4 405	2 010	136.4	2.13	290	0.17	23.57

During the quarter there was no development on the Intermediate reef (quarter ended March 1982 1 metre). There were no sampling results.

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
"B" reef							
Quarter ended June 1982	Nil	—	—	—	—	—	—
Quarter ended March 1982	36	14	197.6	0.74	147	0.06	11.34
Nine months ended June 1982	147	64	192.5	0.42	80	0.05	9.16
SAAIPLAAS DIVISION							
Basal reef							
Quarter ended June 1982	5 547	488	58.6	13.84	811	0.28	16.62
Quarter ended March 1982	4 717	784	65.5	10.60	694	0.22	14.71
Nine months ended June 1982	16 134	2 448	64.2	12.73	817	0.27	17.09
Leader reef							
Quarter ended June 1982	1 264	240	75.8	3.96	300	0.17	13.19
Quarter ended March 1982	1 400	210	105.2	5.51	580	0.20	20.67
Nine months ended June 1982	3 736	622	95.3	4.58	436	0.19	17.83

DIVIDEND

The interim dividend of 210 cents a share in respect of the year ending September 30 1982 was declared on April 22 1982 payable to members registered on May 14 1982 and was paid on June 11 1982.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1982 for the Holdings, Welkom and Saaiplaas divisions totalled R14 120 000, while that of the Erfdeel division amounted to R28 787 000.

For and on behalf of the board
G. LANGTON } Directors
G. S. YOUNG }

July 23 1982

JOINT METALLURGICAL SCHEME

	Quarter ended June 1982	Quarter ended Mar. 1982	Nine months ended June 1982
SUMMARY			
(i) Pyrite flotation plants			
slimes treated—tons	4 612 000	4 553 000	13 805 000
(ii) Uranium plant			
slimes treated—tons	1 212 000	1 495 000	4 236 000
concentrate treated—tons	111 000	111 000	338 000
uranium oxide produced—kg	222 596	268 082	769 337
(iii) Acid plant			
acid produced—tons	100 389	86 026	283 079
(iv) Gold plant			
calcine treated—tons	91 928	80 146	258 631
gold produced—kg	1 098	931	3 036
(v) Profit—estimated—R000	12 371	11 109	36 264

PRESIDENT STEYN

President Steyn Gold Mining Company Limited and its wholly-owned subsidiary, Video Mining Company Limited

ISSUED CAPITAL: 14 566 400 shares of 50 cents each

	Quarter ended June 1982	Quarter ended Mar. 1982	Nine months ended June 1982
OPERATING RESULTS			
GOLD			
Area mined—m² 000	185	184	520
Tons milled 000	1 023	908	2 838
Yield—g/t	6.00	6.44	6.45
Production—kg	6 141	5 850	18 307
Cost—R/m² mined	241.36	264.98	251.12
—R/ton milled	43.65	47.36	46.01
—R/kg produced	7 271	7 429	7 133
JMS (See Summary)			
Slimes delivered			
Tons 000	2 879	2 859	8 612
Head grade			
gold—g/t	0.66	0.65	0.66
uranium—kg/t	0.10	0.10	0.10
sulphur—per cent	0.81	0.81	0.82
PRICE RECEIVED ON SALES			
Gold—R/kg	11 531	11 738	12 209
—$/oz	329	368	376
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	70 867	68 489	222 008
—costs	44 651	43 457	130 580
—profit	26 216	25 032	91 428
JMS profit	6 212	3 779	15 918
Net sundry income	4 845	4 530	13 801
Profit before taxation and State's share of profit	37 273	33 341	121 147
Provision for taxation and State's share of profit	15 392	13 880	49 564
Profit after taxation and State's share of profit	21 881	19 661	71 583
Deduct:			
Appropriation for the first six months—capital expenditure			23 474
Dividend—interim			25 491
Retained profit for the nine months			22 618
Capital expenditure	9 155	10 403	32 106

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
Quarter ended June 1982	5 028	600	66.8	28.03	1 876	0.18	12.21
Quarter ended March 1982	4 630	566	71.6	35.88	2 569	0.18	12.66
Nine months ended June 1982	14 755	1 966	66.1	28.56	1 887	0.18	11.97
Leader reef							
Quarter ended June 1982	767	412	132.1	3.97	524	0.22	29.05
Quarter ended March 1982	1 045	584	127.5	3.15	402	0.16	20.70
Nine months ended June 1982	3 092	1 636	118.9	4.20	499	0.19	22.88
'A' reef							
Quarter ended June 1982	3 264	1 032	41.1	9.20	378	0.22	8.93
Quarter ended March 1982	2 848	578	20.4	20.10	410	0.38	7.73
Nine months ended June 1982	9 453	2 280	39.4	9.97	393	0.22	8.79

The development reported does not include development by President Brand Gold Mining Company Limited in the area under tribute to that company.

DIVIDEND

The interim dividend of 175 cents a share in respect of the year ending September 30 1982 was declared on April 22 1982 payable to members registered on May 14 1982 and was paid on June 11 1982.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1982 totalled R13 796 000.

For and on behalf of the board
D. A. ETHEREDGE } Directors
G. S. YOUNG }

July 23 1982

PRESIDENT BRAND

President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 040 000 units of stock of 50 cents each

	Quarter ended June 1982	Quarter ended Mar. 1982	Nine months ended June 1982
OPERATING RESULTS			
GOLD			
Area mined—m² 000	148	145	444
*Tons milled 000	900	860	2 575
Yield—g/t	7.15	7.42	7.39
Production—kg	6 432	6 377	19 017
Cost—R/m² mined	269.82	260.15	257.92
—R/ton milled	44.37	44.17	44.47
—R/kg produced	6 209	5 956	6 022
JMS (See Summary)			
Slimes delivered			
Tons 000	473	471	1 419
Head grade			
gold—g/t	0.93	0.87	0.89
uranium—kg/t	0.15	0.16	0.16
sulphur—per cent	0.81	0.81	0.82
PRICE RECEIVED ON SALES			
Gold—R/kg	11 553	11 760	12 294
—$/oz	330	368	377
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	74 060	76 387	232 696
—costs	39 934	37 982	114 516
—profit	34 126	38 405	118 180
JMS profit	3 140	5 537	14 113
Net sundry income	1 557	912	3 810
Dividend from Welkom Gold Mining Company Limited	—	3 691	3 691
Profit before taxation and State's share of profit	38 823	48 545	139 794
Provision for taxation and State's share of profit	16 800	21 059	63 215
Profit after taxation and State's share of profit	22 023	27 486	76 579
Deduct			
Appropriation for the first six months—capital expenditure			23 734
Dividend—interim			29 484
Retained profit for the nine months			23 361
Capital expenditure:			
—Mine	8 376	11 398	27 627
—JMS	965	1 044	2 416
* Tons milled includes ore milled and treated by Free State Geduld Mines Limited at cost plus a service charge—tons 000	38	36	74
SHAFT SINKING			
No. 5 shaft			
Advance—metres	115.6	237.6	657.8
Depth to date—metres	1 140.0	1 024.4	1 140.0
Station cutting—metres	703.2	229.7	996.2

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
Quarter ended June 1982	6 135	1 004	102.8	17.83	1 832	0.09	8.88
Quarter ended March 1982	6 216	550	94.8	20.64	1 953	0.07	6.54
Nine months ended June 1982	19 594	1 898	98.4	19.22	1 891	0.08	8.04
Leader reef							
Quarter ended June 1982	2 516	918	127.8	3.34	452	0.10	12.82
Quarter ended March 1982	2 193	690	119.5	3.97	474	0.11	13.48
Nine months ended June 1982	7 320	2 484	121.2	3.88	470	0.10	12.71
'A' reef							
Quarter ended June 1982	880	254	101.9	4.01	409	0.12	12.65
Quarter ended March 1982	748	238	107.2	4.79	514	0.12	12.54
Nine months ended June 1982	2 315	836	84.8	4.53	384	0.13	11.17

The development reported includes development by the company in the area under tribute from President Steyn Gold Mining Company Limited.

DIVIDEND

The interim dividend of 210 cents a unit of stock in respect of the year ending September 30 1982 was declared on April 22 1982 payable to members registered on May 14 1982 and was paid on June 11 1982.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1982 totalled R10 627 000 of which R480 000 was in respect of the metallurgical complex.

For and on behalf of the board
D. A. ETHEREDGE } Directors
G. S. YOUNG }

July 23 1982

FREE STATE GEDULD

Free State Geduld Mines Limited

ISSUED CAPITAL: 10 440 000 shares of 50 cents each

	Quarter ended June 1982	Quarter ended Mar. 1982	Nine months ended June 1982
OPERATING RESULTS			
GOLD			
Area mined—m² 000	131	138	413
Tons milled 000	728	721	2 182
Yield—g/t	7.60	9.01	8.61
Production—kg	5 519	6 496	18 777
Cost—R/m² mined	378.16	328.04	329.25
—R/ton milled	68.00	62.73	62.30
—R/kg produced	8 946	6 962	7 240
JMS (See Summary)			
Slimes delivered			
Tons 000	617	529	1 663
Head grade			
gold—g/t	0.55	0.52	0.51
uranium—kg/t	0.08	0.09	0.09
sulphur—per cent	1.01	1.02	0.98
PRICE RECEIVED ON SALES			
Gold—R/kg	11 661	11 727	12 467
—$/oz	335	367	383
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	62 896	81 306	235 001
—costs	49 368	45 231	135 940
—profit	13 528	36 075	100 081
JMS profit	1 543	1 028	3 717
Net sundry income	4 341	3 762	12 065
Profit before taxation and State's share of profit	19 412	40 865	115 863
Provision for taxation and State's share of profit	(4 492)	4 676	18 838
Profit after taxation and State's share of profit	23 904	36 189	97 025
Deduct:			
Appropriation for the first six months—capital expenditure			52 295
Dividend—interim			16 704
Retained profit for the nine months			28 026
Capital expenditure	19 398	25 553	71 465
Ore milled and treated for President Brand Gold Mining Company Limited at cost plus a service charge—tons 000	38	36	74

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Basal reef							
Quarter ended June 1982	11 287	1 522	30.2	34.57	1 044	0.49	14.89
Quarter ended March 1982	14 436	1 498	37.8	27.83	1 052	0.33	12.32
Nine months ended June 1982	41 169	4 562	32.2	41.37	1 332	0.45	14.50
Leader reef							
Quarter ended June 1982	769	282	181.3	2.75	499	0.11	19.84
Quarter ended March 1982	1 157	422	157.2	2.77	435	0.10	16.41
Nine months ended June 1982	3 368	1 580	167.5	2.69	450	0.10	17.16
Kimberley 'A' reef							
Quarter ended June 1982	397	240	79.0	6.10	482	0.08	5.96
Quarter ended March 1982	51	—	—	—	—	—	—
Nine months ended June 1982	448	240	79.0	6.10	482	0.08	5.96
Kimberley 'B' reef							
Quarter ended June 1982	731	162	174.5	2.18	280	0.03	5.52
Quarter ended March 1982	511	128	164.3	3.37	554	0.05	8.63
Nine months ended June 1982	2 142	372	171.8	2.93	503	0.04	6.35
Elsburg reef							
Quarter ended June 1982	63	6	158.7	0.19	30	0.01	1.20
Quarter ended March 1982	43	6	158.0	0.22	34	0.01	2.28
Nine months ended June 1982	108	12	157.3	0.20	32	0.01	1.74

The development reported includes development by the company in the areas under tribute from Free State Development and Investment Corporation Limited and Western Holdings Limited.

DIVIDEND

The interim dividend of 160 cents a share in respect of the year ending September 30 1982 was declared on April 22 1982 payable to members registered on May 14 1982 and was paid on June 11 1982.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1982 totalled R22 630 000.

PRODUCTION AT NOS. 1 AND 4 SHAFTS

The Nos. 1 and 4 shafts which were damaged by a series of seismic events on April 13 1982 were back in full production in mid-May.

To minimise the adverse effects of the accident, production teams were relocated and mill throughout was supplemented from waste rock dumps. As a consequence tons milled for the quarter were maintained at the forecast rate but grade dropped to 7.6 grams a ton. However, now that stoping in the higher grade area is underway, overall grade should improve and gold production at the year end is expected to be close to forecast.

For and on behalf of the board
G. LANGTON } Directors
G. S. YOUNG }

July 23 1982

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTE:

DEVELOPMENT

Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Transvaal Group's results appear on another page in this newspaper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries.

Charter Consolidated P.L.C., P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICES: 40 HOLBORN VIADUCT, EC1P 1AJ.

WELKOM GOLD MINING COMPANY LIMITED

The attention of shareholders is directed to the report of Western Holdings Limited.

APPOINTMENTS

Board changes at Fitch Lovell

Mr Clement Keevil, the deputy chairman, will retire from the board of FITCH LOVELL at the end of the current financial year on April 30, 1983, and now relinquishes the chairmanship of Lovell & Christmas (Holdings). Mr John S. Harvey has been appointed a director of Fitch Lovell and has been appointed chairman of Lovell & Christmas (Holdings). Mr Stanley F. Collins, deputy chairman of Lovell & Christmas (Holdings) will retire on December 31. Mr Stuart Guthrie-Brown has been appointed a director of Fitch Lovell. He was secretary.

*

The council of the STOCK EXCHANGE has appointed Mr M. V. Baker as director of administration. He is currently settlement services director, and takes over from Mr J. S. Watson, former deputy chief executive. The new director of settlement is Mr T. W. Clarke.

*

THE AMERICAN CHAMBER OF COMMERCE (UK) has appointed Mr Harry Cressman as director general of the Chamber from August 9. Mr Cressman replaces Mr Forbes Singer who has resigned, but will remain until the end of September to assist with the transition of authority. Mr Cressman was chairman and chief executive of BSG International until October, 1980 and since then he has served on the board of Heron Corporation.

Mr Harry G. Cressman, director general, American Chamber of Commerce, London

*

Mr Graham Jessop has been appointed managing director of JESSOP MARINE RECOVERIES.

*

Mr W. N. Menzies-Wilson, chairman of Ocean Transport and Trading, has joined the board of DUNLOP HOLDINGS as a non-executive director.

*

Mr W. J. Benson has become chairman of the EXPORT GUARANTEES ADVISORY COUNCIL in succession to Mr M. G. Wilcox, who retires from the council on completion of his term of office. Mr A. W. Higgins has been appointed deputy chairman in succession to Mr Benson. Both appointments are from August 1.

*

Mr D. T. Shore, managing director of APV COMPANY has been appointed divisional chief executive of the food division of APV HOLDINGS. He replaces Dr K. A. G. Miller who has left the group. Resulting from this appointment Mr Shore becomes chairman of the following companies: Burnett and Rolfe, APV-Carlson, APV (Ireland) and APV Iberica SA, Spain. He also joins the boards of APV Luksano SA, Belgium; Anhydro AS, Denmark; Societe APV, France; APV Nederland b.v., Holland, and APV Italia-Ing. Marenghi and C.S.p.A., Italy.

Mr N. L. T. Garrett, director of the home sales and contracts division, has been appointed a deputy managing director of APV Company.

*

Mr Peter Archer has been appointed a director of LAZARD SECURITIES, investment management arm of Lazard Brothers and Co. Mr Archer, who joined Lazard Brothers in 1975, is responsible for the property department of the bank which acts as manager of the Lazard Property Unit Trust.

*

Mr A. D. Hutchinson and Mr H. D. Newell, COSTAIN GROUP executive directors, will be retiring next March. At the end of this year Mr J. E. Langford, currently managing director of Costain Australia, will be returning to the UK to join the board of Costain Group early in 1983. He will be succeeded in Australia by Mr P. C. McMahon, director of mining operations of the Australian company.

*

Dr J. F. J. Toye, has been appointed professor of development policy and planning and director of the CENTRE FOR DEVELOPMENT STUDIES, Swansea, in succession to Professor Charles Elliott. Dr Toye is at present director of research co-ordination, commodities research unit, London, and director, Forex Research, London.

*

Mr R. F. Bradley has been appointed deputy group managing director of BRITISH INDUSTRIAL SAND. He will also remain group marketing director but will relinquish his managing directorship of BIS Minerals. Mr I. G. Kerr, managing director of BIS's continental operations division will also now assume the managing directorship of BIS Minerals.

*

Mr Robert van Gestel has been appointed to the board of CAPPER NEILL as vice-chairman with particular responsibility as chief executive of the manufacturing division. Mr John Laithwaite has retired as vice-chairman, and remains a director in a non-executive capacity. Mr van Gestel was vice-president international of the Dyatron Corp of the U.S.

*

Mr John Baylis has been appointed company secretary of MORGAN GRENFELL HOLDINGS and MORGAN GRENFELL & CO in succession to Mr M. C. Evans who is returning to the corporate finance division.

*

Mr Derek Sawyer has been elected to the board of FEDEX AGRICULTURAL INDUSTRIES and has been appointed chairman. Mr Ronald Mountfield, who became chairman last autumn, pending Mr Sawyer's appointment, has been appointed to the new post of deputy chairman.

*

Mr N. G. A. Russell-Davis has become group chief accountant of GRAYSTON GROUP. He succeeds Mr J. M. Young who has been made managing director of the scaffolding division.

*

THE MILFORD HAVEN CONSERVANCY BOARD has appointed Mr Robert Cowburn Livesey, formerly director and secretary of the National Ports Council, to be deputy general manager and secretary of the Board from September 1 with a view to succeeding the present general manager, Colonel John Anthony Sullivan on September 1.

*

Mr James Folkes has been appointed a director of JOHN FOLKES HEFO from August 1. Mr James Folkes has been managing director of John Folkes Developments and West Midlands Factories since January 1981 and retains both appointments.

*

Mr Howard W. Cummings, who joined ANSBACHER (DUBLIN) ASSET MANAGEMENT in April, has been appointed a director.

*

The Frizzell Group has established a new subsidiary, FRIZZELL INSURANCE SERVICES, to provide specialist insurance services for multi-national companies and assist in the development of international reinsurance and direct business. The directors of the new company are Mr A. M. Graham (chairman), Mr Patrick (managing director), Mr P. J. May and Mr A. Newell.

*

Mr J. D. Birkin has been appointed a director of THE RIO TINTO-ZINC CORPORATION.

*

Lord Netherthorpe has been appointed a director of THE UNITED STATES DEBENTURE CORPORATION.

*

Mr David S. P. McEuen has been appointed a director of LOWLAND INVESTMENT COMPANY, an investment trust managed by Henderson Administration.

*

Dr Roger S. Baxter has been appointed managing director of BELSTAFF INTERNATIONAL, a subsidiary of the James Halstead Group.

*

Mr John S. Martin becomes finance director of ARCO on August 1. Mr Michael S. Cooke will join the board next year.

*

Mr David Carter has been appointed a director of TOUCHE REMNANT PENSION FUND MANAGEMENT with special responsibility for marketing in the U.S.

*

Mr Andrew Swanston becomes marketing and sales director for video games, and Mr Eric Salamon marketing and sales director for home computers at ATARI INTERNATIONAL (UK).

*

Mr J. W. (Bill) Moffat, sales director MARLEY FLOORS has been given additional responsibilities as general manager for all Marley Floors operations in the UK and overseas. He has also been appointed to the board of Flex Haulage, a company formed to distribute for Marley Floors and Marley Extrusions. Mr J. L. Kenward, director, Marley Floors, has been appointed works director at Harrietsham. The appointments follow the retirement of Mr G. Barrett, works director and general manager, Marley Floors.

*

Mr Derek M. Lambert, has been appointed president of the CONCRETE SOCIETY. He is senior partner of Cyril Blumfield and Partners.

*

Mr John Connolly and Mr Martin Pacey have been appointed directors of RP MARTIN DEPOSITS, and Mr David Powell has been appointed manager of the dollar section of RP Martin Exchange.

*

Mr Nicholas Morris has joined UNIGATE as joint secretary to the board. His previous appointment was secretary, British Shipbuilders.

*

Mr Martin Shaw has joined DEWPLAN-WT as sales manager and director designate.

*

Mr David Wood has been appointed group financial controller and company secretary of AMALGAMATED DISTILLED PRODUCTS. eH was formerly European financial controller of Genrad.

*

Mr Bill Moffat, director, Marley Floors has been elected chairman of the BRITISH FLOORCOVERING MANUFACTURES ASSOCIATION.

*

The MATTHEW TRUST has appointed Mr Martin Hodson as legal director to co-ordinate and head its judicial and Parliamentary affairs. The trust aims to improve the condition of mental offenders in custoday and after release.

*

DORMAN SMITH BRITMAC has appointed Mr Roy North as sales director designate from August 1.

INTERNATIONAL COMPANIES and FINANCE

U.S. OIL RESULTS

Exxon dives 51.5% in second quarter

BY PAUL BETTS IN NEW YORK

EXXON, THE world's largest oil company, reported yesterday a 51.5 per cent decline in second quarter net earnings to $885m or $1.02 a share compared to $1.83bn or $2.11 a share last year.

The decline, which was steeper than the 23 per cent decline in the first quarter, reflects the drop in energy demand and lower oil prices.

Exxon's first-half earnings of $2.13bn or $2.45 a share were 38 per cent lower than last year's $3.43bn or $3.96 a share. It was the first major U.S. oil company to report second quarter earnings.

Mr Clifton Garvin, Exxon chairman, blamed the depressed economic environment, reduced demand for petroleum and chemical products, high raw-material supply costs, and excess industry capacity at all levels for the decline in earnings and revenues.

Exxon's revenues in the latest quarter declined 8 per cent to $25.3bn from $27.5bn in the second quarter of last year. First half revenues also fell from $57.8bn last year to $52.4bn.

Mr Garvin said the company was making "maximum efforts" to maintain Exxon's profitability and financial strength by organisational streamlining, working capital reductions, re-examination of capital spending plans and minimisation of financing costs.

Exxon is seeking to trim its worldwide workforce of 180,000 people, has reduced stocks and is planning to spend less than the original $13.5bn in capital expenditures envisaged for 1982.

Second quarter earnings included $173m in foreign exchange gains against $388m. Excluding the foreign exchange gain and some other items, Exxon's second quarter operating earnings totalled $711m, 47.2 per cent lower than last year.

First half foreign translation gains amounted to $516m compared with $909m. Excluding these, first half operating earnings were 37.6 per cent lower at $1.69bn.

Mr Garvin said that special factors affecting second quarter earnings include a $106m charge related to the mothballing of the Colony shale oil project in Colorado, a $118m gain from sales of petroleum and chemical products from relatively low-cost stocks, and a $136m gain following Exxon's recent long-term debt restructuring transactions.

Higher exploration costs hamper Sohio

BY OUR NEW YORK STAFF

STANDARD OIL of Ohio (Sohio) the large U.S. oil company 53 per cent owned by British Petroleum, yesterday reported a modest decline in second quarter earnings and a 7 per cent drop in first half earnings. The figures reflected higher exploration costs as well as losses of $40m from the mining and industrial operations which the company acquired through its $1.77bn merger with Kennecott last year.

Second quarter earnings totalled $473.2m on revenues of $3.16bn compared to earnings of $478.7m on revenues of $3.21bn in the same period last year.

First half earnings declined from $999.1m on sales of $6.48bn in the first six months of last year to $927m on sales of $6.2bn.

Coupled with higher exploration costs which rose from $80m to $123m in the latest period, Sohio said the second quarter results reflected a net interest charge of $82.5m in contrast to net interest income of $27.7m last year, reflecting the acquisition of Kennecott.

Sohio is one of the three Alaskan North Slope producers with Atlantic Richfield and Exxon. It said yesterday that the price of Alaskan crude oil had declined to $27.90 a barrel from $33.71 a barrel the year before, but claimed this was more than offset by a fall in the average windfall profit tax.

● *Ashland Oil, the large U.S. independent oil refiner*, reported a substantial gain for the last quarter over the similar period last year.

In its third fiscal quarter, earnings totalled $69.1m compared to $13.3m in the same period the previous year. This included an extraordinary gain of $30.3m from the sale of a 10 per cent interest in Ashland Coal to a Spanish company, petroleum inventory liquidation gains and a charge against income in connection with the suspension of refining operations at Buffalo, New York.

But the impressive gain in earnings from continuing operations, totalling $48.4m, reflect the dramatic improvement in Ashland's petroleum business. Earnings in this business totalled $72m in the latest quarter, compared to a loss of $45m last year.

Although this strong performance appears to buck the general earnings trend in the oil industry, the improvement reflects the fact that Ashland is essentially a refiner and has enjoyed cheaper oil supplies.

● Lower crude costs also helped to lift the earnings of Amerada Hess, another independent refiner which reported second quarter profits of $61.1m compared to a loss of $53.7m.

Substantial earnings rise at Schlumberger

By Terry Byland in New York

SCHLUMBERGER, the premier oilfield services company, proved that quality pays by turning in a further substantial rise in earnings in the second quarter of this year, a period which has seen the lesser breeds in the industry facing serious trouble as oil drilling has declined in the U.S.

Earnings have jumped by 20 per cent to $356m, or $1.21 a share in the quarter. Revenue is up by 11 per cent to $1.61bn—despite a turndown of 3 per cent in wireline activity in North America and a 37 per cent fall in the rig count in the same area during the first half of 1982.

Outside of North America, Schlumberger's wireline activity continued to surge ahead to show a gain of 29 per cent in revenue.

Schlumberger dominates the world market for geological services to the oilfield industry, concentrating chiefly on the wireline services which provide logging and measuring devices used in the oil and gas searching process.

At the end of the first six months earnings are 25 per cent up at $710.6m on revenues 14 per cent ahead at $3.3bn. This has been achieved despite the effects of a strong dollar on Schlumberger's sales, of which 59 per cent are outside the U.S., and the world economic recession.

Schlumberger, which has seen profits rise rapidly since the 1973 oil crisis spurred on the search for new world sources of energy, pushed profits ahead by 27 per cent last year to $1.3bn.

However, there was little change in sales in the second quarter at Schlumberger's measurement, control and components division which operates through Sangamo and Weston. Business was down at Fairchild Camera, a semiconductor company acquired in 1979, and also at Computer Aided Systems.

Sperry sees sharp fall in net

BY OUR NEW YORK STAFF

SPERRY, THE DATA processing equipment and engineering group, has reported a calamitous fall in earnings for the first quarter of this year.

Total net earnings for the period slumped from $48.4m last year to $16.2m, or 37 cents a share, compared to $1.16 a share. Mr Gerald Probst, chairman and chief executive, warned that earnings for the full fiscal year will be "somewhat short" of the $221.8m chalked up last year.

"The prolonged worldwide recession is severely affecting the capital goods markets we serve," said Mr Probst. "The strength of the U.S. dollar relative to foreign currencies was also a contributing factor to the earnings decline."

Sales in the quarter fell slightly to $1.22bn from last year's $1.32bn (restated to conform to new Federal accounting standards).

The last fiscal year, which ended on March 31, saw earnings fall by 27 per cent at Sperry, whose business is split between 50 per cent from its information systems side, and 50 per cent from the capital goods divisions which include Vickers Hydraulics in Britain and its New Holland farm equipment manufacturer.

Mr Probst disclosed that revenues had fallen by 17 per cent at Sperry Vickers and by 19 per cent at Sperry New Holland during the quarter. Revenue from the Sperry Univac information processing operation was down 5 per cent, but there was a gain of 23 per cent in sales at Sperry's defence and aerospace division, excluding the UK operations divested a month ago.

The last has taken action to cut expenses, reduce inventories, close plants and cut budgets. About 8 per cent has been cut from the worldwide staff total, but Mr Probst admits that "there are few signs that an economic recovery is under way, particularly in the capital goods industries that are vital to Sperry."

There was no news yesterday on the company's debt load, which was costing it nearly $300m in interest charges at the end of last year. Nor did the board say anything about its plans to sell off the Vickers subsidiary.

Currency factors depress profits at Goodyear Tire

BY PAUL TAYLOR IN NEW YORK

THE STRONG dollar and local currency devaluations in Mexico and Chile hit second quarter operating profits from Goodyear Tire and Rubber, the leading U.S. tyre company.

Goodyear's operating profit fell 25.5 per cent to $63.3m over the same period last year but a $17m gain on the expiry of debentures boosted total net profits to $80.5m or $1.09 a share, against a total net profit including a $3.8m tax credit of $83.8m or $1.23 a share in 1981.

Overseas sales held up in volume terms, but fell by 10 per cent in cash terms to $892.9m from $992.4m, while earnings from abroad dived 57 per cent to $28.9m. The company said foreign currency losses cost the company $18.1m in the second quarter compared to $5.2m.

For the first half the company recorded net profits of $128.1m or $1.72 a share on total sales of $4.44bn down from a profit of $145.5m or $2.01 a share on sales of $4.59bn.

Growth slows at Rockwell

By Our New York Staff

EARNINGS growth slowed down in the third quarter of this year at Rockwell International, the aerospace and electronics company.

They edged forward from $89.1m or $1.17 a share to $92m or $1.20 a share on sales up from $1.78bn to $2bn.

This took nine-month earnings to $248.7m or $3.25 a share against $244.8m or $3.23 on sales of $5.45bn against $5.21bn. The company has adjusted last year's figures to allow for a change in the accounting of foreign currency translations.

Strong $ hits Eastman Kodak

BY OUR NEW YORK STAFF

PROFITS CONTINUED to fall away in the second quarter at Eastman Kodak, the world's largest manufacturer of photographic products.

Trading was adversely affected by the sluggishness of world economies, the effects of a strong U.S. dollar on the 40 per cent of sales chalked up *outside the U.S., the overcapacity* in the chemical industry and costs associated with introduction of Kodak's new disc camera system.

Net earnings fell by 13 per share to $248.5m or $1.52 a share. Sales, however, edged *forward* from $2.42bn to $2.43bn, with the new disc products selling well in the U.S. and helping to offset declines in money terms abroad caused by the strength of the dollar.

$56m loss for Pan American Airways

By Our New York Staff

A HEFTY second quarter loss is reported by Pan American World Airlines, although the figure is substantially below returns for the corresponding 1981 period. The net deficit for the three months to end-June totalled $56.2m, compared with a loss of $112m last year.

This brings the net loss for the first half of fiscal 1982 to $182.6m, compared with $233.7m.

Mr C. Edward Acker, Pan Am's chairman, said revenue in the second quarter totalled $891.7m, fractionally less than last year's comparative $894.3m.

The group, commenting on the results, said that the industry's results continue to be very disappointing.

Pan Am expects good results in the traditionally strong third quarter, but the outlook for the final three months of the year and early 1983 is clouded by fare discounting and the unlikelihood of any sustained economic recovery.

In the third quarter last year, income from continuing operations totalled $48.2m equal to 60 cents a share, while in income from discontinued operations — $233.3m — brought the final net profit for the period to $281.5m or $3.95 a share. Revenue for the three months totalled $974.7m.

Meanwhile, traffic in the quarter just ended increased 10.7 per cent. But yields—the average amount of revenue received per passenger mile—was down 11.5 per cent on corresponding 1981 levels.

The yield decline, said the company, was largely responsible for pushing the airline's break-even passenger load factor to 64.1 per cent from 60.1 per cent a year earlier.

● Trans World, number five in the airline list, has turned in second quarter earnings of $41.6m or $1.65 a share, compared with $57m or $2.44 a share last time. There is a loss of $81m, or $3.54 a share against $456,000 or 64 cents a share on the half year but this largely reflects the traditionally slow trading of the opening quarter.

Last year, Trans World lost $465,000 in the first half with revenues slipping from $1.41bn to $1.33bn in the second quarter, bringing a first half total of $2.41bn against $2.56bn.

Income drops at Bank of America

By Our New York Staff

BANK OF AMERICA, the largest U.S. bank, reported a slight drop in earnings yesterday as poor loans continued to take a toll on its profits.

The bank earned $121.3m or 82 cents a share, down from $129.6m or 88 cents a share in the second quarter of last year. This brought six month earnings to $237m or $1.61 a share, down from $241.4m or $1.64 a share in last year's first half.

Setback for steelmaker

By Our New York Staff

A LOSS of $13.2m was suffered in the second quarter by Wheeling-Pittsburg, the U.S. steelmaker. But it remains in the black for the first half with net profits of $472,000 against $42.4m a year earlier.

Mr Dennis Carney, chairman and chief executive, said that the first half result reflects "substantial reduction in the company's controllable costs."

Revenues for the first half fell from $621.4m to $404.1m.

Mr Carney said that steel consumption and incoming orders remain depressed with no sign of a significant increase in the near future.

Nova-Scotia swells flood of new Canadian paper

BY OUR EUROMARKETS STAFF

THE Canadian province of Nova Scotia yesterday became the fifth Canadian borrower to tap the Eurodollar bond market this week. It is offering a $75m seven-year bond bearing a coupon of 15¼ per cent at par. Union Bank of Switzerland Securities is lead-manager.

Early indications were that the Nova Scotia paper was not receiving a warm reception and was quoted last night at discounts of 2¼ per cent to 2 per cent. The Canadian issues total $450m, an amount of paper viewed as too much by many in the market.

New Brunswick's new issue traded yesterday at a discount of 2¼ to 1¾ per cent, while Ontario Hydro did better at 2 to 1½ per cent.

Newfoundland was quoted at less 2½ to 2 per cent and Canadian Pacific Securities stood at a discount of 2¼ to 2 per cent. The only issue selling more slowly than the Canadian paper was the GMAC 14¼ per cent bond, trading at a discount of close to 2½ per cent and viewed as very aggressively priced.

Elsewhere in the Eurodollar market the private placement for Nafinsa is going ahead with its 15½ per cent coupon through Lloyds Bank International. The final amount, expected to be around $50m, will be fixed today.

Prices of most fixed-interest dollar bonds fell by ⅛ to ¼ point last night after light to moderate trading. The market appeared to be catching its breath in the wake of $1.1bn of new issues this week. Casualty, America's biggest non-

The six-month Eurodollar deposit rate closed at 14⅛ per cent last night, up on Wednesday's rate, but still down ⅞ per cent since last Friday. The Euro-clear overnight rate, meanwhile stands at 12 per cent, meaning that Euromarket houses do not have to worry about the sluggish movement of some of their new issues.

The all-important positive carry—whereby bond inventories can be financed at a profit—is back, and this is a consolation for those houses which are not finding enough investors to clear their books.

The Euro D-Mark and Swiss franc bond sectors both closed unchanged last night after a day of light trading.

Three private placements have been arranged in Switzerland. These are a Sw Fr 100m five-year 6⅞ per cent issue for Centel, the Chicago telephone company, a Sw Fr 60m five-year 7¼ per cent issue for Champion, the U.S. paper products group, and a Swiss franc 30m five-year convertible for Sankyo Seiki (6⅞ per cent indicated coupon). The first two are being placed through UBS and the last by Swiss Bank Corporation.

There is also a Sw Fr 70m ten-year public offer for Mont Blanc Tunnel through Credit Commercial de France and Banque Gutzwiller, Kurz. The coupon is likely to be 7 per cent.

In the Euroguilder market a D Fl 75m five-year 10 per cent issue is being offered for the Amersterdam-Rotterdam Bank. Amro is lead-manager.

Al Rajhi family disowns son facing Cook claim

BY ALAN FRIEDMAN

AL RAJHI Company for Currency Exchange and Commerce, a Riyadh-based 160-branch group run by the Al Rajhi family of *Saudi Arabia*, said yesterday it would under no circumstances provide any help to the financially-troubled traveller's cheque business of Abdullah Saleh Al Rajhi, which owes Thomas Cook around $5.5m.

The Thomas Cook cheque subsidiary of Midland Bank could see a substantial part of its 1982 profits wiped out by this potential loss and is taking legal action against Abdullah Saleh Al Rajhi, a 40-branch company based in Ad Dammam.

In London a spokesman for the Al Rajhi family of Riyadh stressed that the Dammam operation had been disowned by the family and would be left to face all claims from Cook and others on its own.

The Al Rajhi Riyadh group has a paid-in capital of riyal 600m ($185m) and is chaired by Saleh Abdul Aziz Al Rajhi, whose son in Dammam is being threatened with legal action by Cook. According to the London executive, a special memo was despatched six months ago to all the group's banking correspondents and clients

Record $7bn in World Bank co-financing

CO-FINANCING of World Bank projects in developing countries reached a record $7.42bn in the year ended June 30, AP-DJ reports from Washington.

The bank said the co-financing credits, up from about $4.14bn a year earlier, were provided by commercial banks and other private financial institutions, as well as by such official lenders as export credit agencies.

In the year ended June 30, private financial institutions provided about $3.25bn co-financing credits approved by the World Bank, compared to $1.8bn the previous year.

NORTH AMERICAN QUARTERLIES

ACF INDUSTRIES

	1982 $	1981 $
Second quarter		
Revenue	231.2m	193.3m
Net profits	14.1m	7.2m
Net per share	1.53	0.79
Six months		
Revenue	468.6m	424.9m
Net profits	27.8m	19.3m
Net per share	3.01	2.13

ALBERTO-CULVER

	1981-82 $	1980-81 $
Third quarter		
Revenue	79.1m	73.0m
Net profits	1.8m	1.5m
Net per share	0.43	0.41
Nine months		
Revenue	236.0m	213.2m
Net profits	4.7m	4.2m
Net per share	1.23	1.09

AMETEK

	1982 $	1981 $
Second quarter		
Revenue	105.6m	116.5m
Net profits	7.1m	7.5m
Net per share	0.86	0.89
Six months		
Revenue	216.3m	226.9m
Net profits	14.2m	14.1m
Net per share	1.30	1.30

BRISTOL MYERS

	1982 $	1981 $
Second quarter		
Revenue	880.1m	851.9m
Net profits	81.3m	71.2m
Net per share	1.21	1.07
Six months		
Revenue	1.76bn	1.71bn
Net profits	160.5m	139.9m
Net per share	2.39	2.08

BURLINGTON INDUSTRIES

	1981-82 $	1980-81 $
Third quarter		
Revenue	719.4m	858.4m
Net profits	12.63m	35.08m
Net per share	0.45	1.25
Nine months		
Revenue	2.2bn	2.38bn
Net profits	44.48m	90.14m
Net per share	1.57	2.55

CASTLE & COOKE

	1981-82 $	1980-81 $
Fourth quarter		
Revenue	472.6m	480.2m
Net profits	1.2m	20.8m
Net per share	0.01	0.75
Year		
Revenue	1.8bn	1.8bn
Net profits	12.5m	42.3m
Net per share	0.29	1.44

CESSNA AIRCRAFT

	1981-82 $	1980-81 $
Third quarter		
Revenue	176.7m	294.0m
Net profits	1.7m	19.4m
Net per share	0.09	1.02
Nine months		
Revenue	690.8m	798.0m
Net profits	23.5m	48.1m
Net per share	1.23	2.53

CHESEBROUGH-POND

	1982 $	1981 $
Second quarter		
Revenue	379.5m	344.8m
Net profits	26.2m	24.7m
Net per share	0.75	0.71
Six months		
Revenue	782.8m	723.8m
Net profits	57.2m	53.7m
Net per share	1.64	1.56

CITY INVESTING

	1982 $	1981 $
Second quarter		
Revenue	1.45bn	1.44bn
Net profits	35.1m	32.3m
Net per share	0.92	0.87
Six months		
Revenue	2.85bn	2.83bn
Net profits	64.2m	61.8m
Net per share	1.70	1.67

COLGATE-PALMOLIVE

	1982 $	1981 $
Second quarter		
Revenue	1.25bn	1.29bn
Net profits	55.9m	55.5m
Net per share	0.66	0.68
Six months		
Revenue	2.48bn	2.54bn
Net profits	109.8m	109.0m
Net per share	1.34	1.33

DUN & BRADSTREET

	1982 $	1981 $
Second quarter		
Revenue	364.7m	331.5m
Net profits	39.0m	32.9m
Net per share	1.39	1.17
Six months		
Revenue	722.1m	648.7m
Net profits	70.2m	59.4m
Net per share	2.50	2.12

ENSERCH CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	901.5m	821.6m
Net profits	38.2m	48.5m
Net per share	0.67	0.89
Six months		
Revenue	1.9bn	1.7bn
Net profits	97.7m	106.9m
Net per share	1.68	1.99

FMC CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	904.8m	834.7m
Net profits	45.2m	44.8m
Net per share	1.34	1.35
Six months		
Revenue	1.75bn	1.65bn
Net profits	77.7m	89.9m
Net per share	2.30	2.71

FOREMOST-McKESSON

	1982-83 $	1981-82 $
First quarter		
Revenue	1.14bn	1.09bn
Net profits	13.06m	14.78m
Net per share	0.79	0.93

INLAND STEEL

	1982 $	1981 $
Second quarter		
Revenue	760.0m	1.05bn
Net profits	†22.2m	29.5m
Net per share	†1.10	1.40
Six months		
Revenue	1.53bn	2.03bn
Net profits	†42.2m	50.9m
Net per share	†2.20	2.41

† Loss

IU INTERNATIONAL

	1982 $	1981 $
Second quarter		
Revenue	528.2m	576.7m
Net profits	9.91m	14.4m
Net per share	0.43	0.64
Six months		
Revenue	1.01bn	1.14bn
Net profits	7.03m	27.2m
Net per share	0.29	1.21

McGRAW-EDISON

	1982 $	1981 $
Second quarter		
Revenue	593.7m	610.8m
Net profits	16.9m	21.2m
Net per share	1.01	1.30
Six months		
Revenue	1.14bn	1.17bn
Net profits	27.0m	42.3m
Net per share	1.61	2.59

NATIONAL MEDICAL ENTERPRISES

	1981-82 $	1980-81 $
Fourth quarter		
Revenue	402.1m	296.9m
Net profits	21.06m	16.6m
Net per share	0.44	0.37
Year		
Revenue	1.38bn	1.04bn
Net profits	75.24m	50.99m
Net per share	1.60	1.22

PEPSICO

	1982 $	1981 $
Second quarter		
Revenue	1.8bn	1.65bn
Net profits	99.8m	87.5m
Net per share	1.06	0.95
Six months		
Revenue	3.36bn	3.11bn
Net profits	159.7m	140.3m
Net per share	1.71	1.53

RYDER SYSTEMS

	1982 $	1981 $
Second quarter		
Revenue	520.4m	504.6m
Net profits	16.2m	21.4m
Net per share	1.12	1.11
Six months		
Revenue	1.01bn	970.8m
Net profits	37.4m	31.8m
Net per share	1.77	1.72

SMITHKLINE BECKMAN

	1982 $	1981 $
Second quarter		
Revenue	723.8m	651.0m
Net profits	105.8m	90.8m
Net per share	1.28	1.10
Six months		
Revenue	1.43bn	1.28bn
Net profits	219.8m	191.6m
Net per share	2.65	2.33

STANLEY WORKS

	1982 $	1981 $
Second quarter		
Revenue	246.5m	251.6m
Net profits	7.9m	16.4m
Net per share	0.30	0.63
Six months		
Revenue	488.7m	495.0m
Net profits	13.4m	27.8m
Net per share	0.51	1.06

STERLING DRUG

	1982 $	1981 $
Second quarter		
Revenue	441.4m	443.9m
Net profits	27.4m	29.2m
Net per share	0.45	0.48
Six months		
Revenue	856.1m	881.7m
Net profits	56.9m	60.0m
Net per share	0.94	0.99

VARIAN ASSOCIATES

	1981-82 $	1980-81 $
Third quarter		
Revenue	177.0m	163.8m
Net profits	7.19m	2.01m
Net per share	0.81	0.26
Nine months		
Revenue	511.7m	467.9m
Net profits	16.9m	8.32m
Net per share	1.94	1.04

WARNACO

	1982 $	1981 $
Second quarter		
Revenue	104.0m	98.8m
Net profits	2.88m	2.4m
Net per share	[illegible]	[illegible]
Six months		
Revenue	227.3m	208.5m
Net profits	[illegible]	[illegible]
Net per share	1.44	1.21

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on July 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	104	104½	−0⅛	+1⅛	13.41
Amex Int. Fin. 16¼ 92	75	99¼	99¾	−0⅛	+1¼	16.51
Amex O/S Fin. 14¼ 89	75	95¾	96¼	−0⅛	+1½	15.19
ATT 14⅜ 89	400	104⅝	105⅛	−0⅛	+1⅞	13.06
Baker Int. Fin. 0.0 92	225	26⅞	27⅜	+0⅝	+1	14.57
BHP Finance 14¾ 89	150	96⅛	96⅝	−0⅛	+0⅞	15.57
Bk. Amer. NT SA 12 87	200	91½	92	−0⅛	+1⅛	14.48
Bk. Montreal 14½ 87	100	94⅛	94⅝	0	+0⅛	16.22
Bque. Indo Suez 15 89	100	96⅜	96⅞	−0½	+0⅜	15.80
British Col. Hyd. 14¾ 89	200	98⅞	99⅜	+0⅛	+1¼	14.96
Burroughs Int. 15¾ 88	50	102	102½	+0⅛	+1¼	15.06
Canada 14⅜ 87	750	98⅜	98⅞	−0⅛	+0⅛	14.80
Canadair 15½ 87	150	100½	101	−0¼	+0⅜	15.19
Canadian Pac. 14⅜ 92	75	94½	95	0	+0⅜	15.68
Carolina Power 16½ 89	60	103⅛	103⅞	−0⅛	+1⅞	15.54
CIBC 16 87	100	97¾	98¼	−0⅛	+0⅛	16.56
Citicorp O/S 15 84/92	100	99¾	100¼	−0⅛	+0⅛	14.86
Citicorp O/S 15½ 85/97	125	100¼	100¾	−0¼	+0¼	15.13
CNA 15⅞ 97	75	98½	99	+0¼	+1⅞	16.05
Con. Illinois 15⅞ 89	100	98¼	98¾	0	+0⅝	16.06
Duke Pwr. O/S 15½ 89	60	98⅜	98⅞	+0⅛	+2⅜	15.82
Dupont O/S Cap. 0.0 90	300	35⅞	36⅜	−0⅛	+1⅛	14.43
ECSC 14¾ 87 (April)	80	97⅝	98⅛	−0⅛	+0½	15.35
EIB 15½ 89	150	99⅝	100⅛	0	+0⅞	15.47
EIB 15½ 92	100	98	98½	0	+0⅛	15.86
Eksportfinans 14½ 89	50	97¾	98¼	0	+1⅛	14.95
Gen. Elec. Credit 0.0 92	400	28¼	28¾	0	+0½	14.02
Gen. Elec. Credit 0.0 93	400	25	25½	+0⅛	+1¼	13.91
Getty Oil Int. 14 89	125	99¾	100¼	−0⅛	+1⅞	13.96
GMAC O/S Fin. 16 88	150	102	102½	−0¼	+0⅜	15.29
GMAC O/S 15¼ 85/97	100	99	99½	−0⅛	+0⅜	15.50
GMAC O/S Fin. 15 89	125	99¼	99¾	+0⅛	+1⅜	15.12
GMAC O/S Fin. 15 87	100	100	100½	0	+0⅝	14.88
Gulf Canada Ltd 14¾ 92	100	97⅛	97⅝	0	+1⅛	15.21
Gulf Oil 14¼ 94	175	99½	100	+0⅛	+1⅜	14.26
Gulf Oil Fin. 0.0 92	300	27⅞	28⅜	+0⅛	+0⅞	14.11
Gulf States O/S 16 90	60	†95½	96	−0¼	+0⅛	16.97
Int-Am. Dv. Bk. 15⅞ 87	55	98	98½	−0⅛	+0⅛	15.55
Japan Dev. Bk. 15½ 87	50	102⅞	103⅜	−0⅛	+1⅛	14.44
New Brunswick 16¼ 89	75	102⅝	103⅛	−0⅛	+1⅛	15.46
Ontario Hydro 14⅜ 89	150	98⅜	98⅞	0	+0⅜	14.98
Pac. Gas & El. 15½ 89	45	102¼	102¾	0	+1½	14.83
Phillips Petrol 14 89	200	97¼	97¾	+0⅛	+1⅛	14.57
R.J. Rynlds. O/S 0.0 92	400	27½	28	0	+0⅝	14.33
Saskatchewan 16 89	125	102⅝	103⅛	−0¼	+1⅛	15.22
Shell Canada 14¾ 92	125	96⅛	96⅝	−0⅛	+0⅞	15.02
Spain 15⅜ 87	100	99½	100⅛	0	+1⅛	15.71
Superior O/S Fin. 14 89	125	97	97½	−0⅛	+2⅛	14.63
Swed. Exp. Cr. 15⅜ 89	100	99⅛	99⅝	+0⅛	+1½	15.31
Swed. Exp. Cr. 14⅜ 90	100	94⅞	95⅛	−0¼	+0⅜	15.90
Swed. Exp. Cr. 0.0 94	200	20	20½	0	+0⅞	14.71
Texas Eastern 15⅜ 89	60	100⅞	101⅜	−0⅛	+0⅛	15.44
Union Carbide 14⅜ 89	150	100⅛	100⅝	0	+1⅛	14.62
Wells Fargo I. F. 15 87	75	98⅞	99⅜	−0⅛	+0½	15.20
World Bank 14¼ 87	500	96½	97	0	+0⅛	15.20
World Bank 15¼ 88	250	100	100½	−0½	+0⅝	15.11
Average price changes... On day 0 on week +0⅞						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¼ 92	150	98⅜	98⅞	−0⅛	+0¼	9.46
Australia 9⅝ 91	200	103¼	103¾	0	0	8.76
Austria 8⅝ 92	100	94⅝	95⅛	−0¼	−0¼	9.18
Barclays O/S In. 8⅜ 94	100	95½	96	−0⅛	+0¼	8.97
Bowater Int. Fin. 8½ 89	50	95⅜	95⅞	0	−0⅛	9.38
Canada 8½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Comp. Tel. Esp. 10¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cred. Foncier 8¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 10¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EDF 9¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Am. Dev. Bk. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacnl. Financiera 11 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norsk Hydro [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renfe 10 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tauernautobahn [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tenneco Int. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day 0 on week [illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aucalsa [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cse. Nat. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE-Mexico [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-op. Denmark [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Crown Zellerbach [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Europarat [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Fund Finland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan-Dev. Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobe City [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kommunekredit [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho Int. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui OSK [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nafinsa [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renfe [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sekisui Pre. [illegible] WW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soc. Lux de Cnt. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Svenska Handelsb. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tiroler Wasser [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vorarlberg Kraft [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day 0 on week [illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB [illegible]	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. [illegible]	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Airlines [illegible]	15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	20	[illegible]	[illegible]	[illegible]	[illegible]	8.50
Average price changes... On day [illegible] on week [illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†97½	98	+0½	+0½	16.52
Can. Pac. S. 16¾ 89 C$	50	†98½	99	+0¼	+0½	16.63
Crd. Foncier 17¼ 89 C$	30	†98¾	99¼	+0¼	+0¼	17.32
Gaz Metro. 17¾ 90 C$	20	†98	98¾	+0¼	+0¾	17.58
OKB 16¼ 88 C$	63	†98	98½	0	+0¼	16.71
O. Hyd. 16½ 89 (My) C$	50	†99½	100	0	+0½	16.52
Quebec Prov. 16½ 89 C$	50	†99½	100	0	+0½	16.52
U. Bk. Nwy. 9½ 90 EUA	18	92½	93½	+0¼	−0⅛	10.85
Amro Bank 10 87 Fl	150	100⅛	100⅝	−0¼	+0¼	9.88
Bk. Mees & H. 10 87 Fl	75	99½	100	+0¼	+1½	10.05
Eurofima 10½ 89 Fl	50	100⅝	101⅛	−0⅛	+0¼	10.29
Ireland 10½ 87 Fl	75	98⅜	99¼	0	+0¼	10.74
Phil. Lamps 10¾ 87 Fl	100	100⅞	101⅜	−0⅛	−0⅛	9.91
World Bank 10 87 Fl	150	98⅜	99⅛	−0⅛	+0⅛	10.22
OKB 14 86 FFr	400	92⅞	93⅞	+0¼	+0¼	16.50
Solvay et C. 14¾ 86 FFr	200	92⅞	93⅞	+0¼	+0⅛	17.24
Beneficial 14¼ 90 £ (D)	20	89⅞	90⅝	+0¼	+1½	16.50
BFCE 14½ 87 £	30	100⅝	101⅜	0	+1	14.22
BNP 13½ 91 £	15	95⅞	96⅞	+0⅛	+1⅛	14.22
CECA 13½ 88 £	20	96⅝	97⅜	−0¼	+1	14.21
Fin. Ex. Cred. 13⅝ 86 £	15	98½	99¼	0	+1	14.09
Gen. Elec. Co. 12¾ 89 £	50	94⅞	95⅞	+0¼	+0½	13.56
Hiram Walker 14¼ 86 £	25	99	100	0	+0½	14.36
Norsk Hydro. 14½ 87 £	30	100⅝	101⅜	0	+1⅛	14.19
Privatbanken 14½ 88 £	12	98	99	+0⅛	+1½	14.85
Quebec 15½ 87 £	35	103¼	104	+0⅛	+0⅞	14.32
Reed (Nd) NV 16¾ 89 £	25	106⅛	107⅛	+0⅛	+1	15.03
Royal Trustco 14 86 £	12	99¼	100	−0⅛	+0⅛	14.06
SDR France 15½ 92 £	30	101⅜	102⅞	0	+0⅞	15.10
Swed. Ex. Cr. 13⅜ 86 £	20	98⅞	99⅝	+0¼	+0⅛	13.95
Eurofima 10½ 87 LuxFr	500	96	97	0	+0⅛	11.39
EIB 9¾ 88 LuxFr	600	92¾	93¾	+0¼	+0⅛	11.43

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98⅜	98⅞	15/10	15.69	15.91
Bk. of Tokyo 5¼ 91 (D)	0⅛	99⅛	99⅝	8/12	15¼	15.36
Bk. Nova Scotia 5¼ 93	0⅛	98⅞	99⅜	29/10	15⅛	15.26
BFCE 5¼ 88	0¼	99	99½	28/10	15	15.11
BFCE 5¼ 87	0⅛	99¼	99½	27/7	16⅛	16.35
Caisse Nat. Tele. 5¼ 90	0¼	99¼	99¾	21/10	15⅛	15.83
CCCE 5¼ 2002	0⅛	98⅜	98⅞	11/12	15½	15.59
CEPME 5¼ 92	0¼	99¼	99¾	10/12	15.44	15.52
Chemical NY 5¼ 94	‡0⅛	99⅛	99⅝	23/9	16.69	16.77
CIBC 5¼ 94	0¼	98⅛	98⅝	15/1	15⅛	16.50
Cont. Illinois 5¼ 94	‡0⅛	98⅛	98⅝	24/9	16⅛	16.62
Credit Agricole 5¼ 97	0⅛	99¼	99¾	24/9	15.44	15.52
Credit du Nord 5¼ 92	0⅛	99⅝	100⅛	23/12	16.81	16.83
Credit Lyonnais 5¼ 97	0⅛	99⅛	99⅝	1/10	16	16.10
Credit Lyonnais 5¼ 94	0¼	100¼	100¾	1/1	16.94	16.85
Credit Nat. 5⅛ 94	‡0¼	98½	98¾	9/9	14.69	14.89
Ireland 5¼ 89/94	0⅛	†98¼	98¾	25/11	14⅛	14.97
Kansallis Osake 5½ 92	0¼	99⅛	99⅝	6/11	15.31	15.39
Lloyds Eurofin 5¼ 93	§0⅛	99⅛	99⅞	29/10	17⅛	17.19
Long Term Cred. 5¼ 92	0⅛	98⅜	98⅞	29/11	14⅝	14.81
J. P. Morgan 5¼ 97	§0⅛	98⅞	99⅜	12/8	14⅝	14.75
Nat. West. Fin. 5¼ 91	§0⅛	99⅜	99⅞	15/1	15⅛	15.31
New Zealand 5¼ 87	0⅛	99½	100	7/10	15.56	15.60
Nippon Credit 5¼ 90	0⅛	99	99½	10/9	16.06	16.16
Offshore Mining 5¼ 91	0⅛	99⅛	99⅝	2/12	14.19	14.28
PKbanken 5 91	0¼	99⅛	99⅝	17/12	15.81	15.91
Scotland Int. 5¼ 92	0¼	98¼	99¼	23/9	15⅛	15.53
Sec. Pacific 5¼ 91	0¼	99⅛	99⅝	24/11	15	15.08
Societe Generale 5¼ 95	0¼	99⅛	99⅝	1/9	15.31	15.41
Standard Chart. 5¼ 91	0⅛	98⅝	99⅛	18/11	14⅞	15.04
Sweden [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toronto Domin'n [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Average price changes... On day 0 on week [illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bow Valley Inv. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bridgestone Tire [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chugai Pharm. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu Fanuc [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Furukawa Elec. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cable [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cred. Con. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kawasaki [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marui [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minorco [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NKK [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Chemi-C. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Electric [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Orient Finance [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Elec. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Met. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Bk. Cpn. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konishiroku [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi H. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Swissair plans cuts as losses mount

By Our Financial Staff

SWISSAIR, the Swiss national airline, lost around SwFr 34m ($16m) on flight operations in the first five months of 1982 and is studying a package of measures to improve profitability, the company said yesterday.

The company was unable to provide five months, 1981, comparisons but flight operation losses for all last year were SwFr 24m, down from SwFr 57m in 1980. It was able to report a net profit last year of SwFr 54m because of gains from aircraft sales.

The aim of the package is to cushion the airline if air travel volume fails to pick up soon, and to bring flight operations back into profit by 1985 at the latest.

The cost cutting package was devised in outline in the past month when business failed to recover at the expected rate from weak spring levels.

The package focuses on options to reduce the fleet of DC-9s and to drop marginal routes.

Several of Swissair's 32 DC-9s will be either sold, leased or grounded. Some fares will also be slightly raised.

Swissair, which owns 57 per cent of the capital of the charter flight company, Balair, gets less than two-fifths of its revenue from European operations.

North and South America provide almost a quarter of revenues with the Far East chipping in a further quarter. Africa accounts for around 10 per cent.

Deepening crisis at Dutch retailer

By Walter Ellis in Amsterdam

KBB, one of the largest retail stores group in the Netherlands, is in the throes of a deepening crisis.

Earlier this month, the group—which lost nearly Fl 35m ($12.9m) last year—announced that it was considering calling in the U.S. consultancy group McKinsey. Now chairman, Mr Jacob Bons, says that trading conditions have worsened still further and that up to 1,500 job-cuts must be made and property sold if a recovery is to prove possible this year.

Other Dutch stores groups are experiencing weak demand, but both Vroom and Dreesman and Ahold, KBB's principal rivals, have wide interests abroad which have cushioned the domestic downturn.

In a letter to his 20,000 employees, Mr Bon says that sales in 1982 could fall by 13-14 per cent, and that the company's previous gloomy forecast of tough times ahead, issued in March, far from being pessimistic could now be seen as erring on the optimistic side. "Staff must reckon with the fact that things are going to get worse," the letter warns.

The board, the works council and the trade unions at KBB are currently preparing proposals for a renewed restructuring of the company, and by the end of this month should be in a position to decide not only whether or not to call in McKinsey but what brief the agency should be given.

It is not yet certain that McKinsey will accept KBB's expected offer to mount a rescue effort, but if it does it can expect co-operation at board level even if it means large-scale job losses and the sale of stores and other assets.

KBB runs the Bijenkorf, Hema, Maxis, Praxis and Perry sport stores. Last year, it spent heavily on modernisation and expansion, including Fl 80m on a new headquarters in Amsterdam. Now, with high interest rates the group's debts are fast becoming unmanageable. This year alone, it owes Fl 157m in interest and depreciation charges—20 per cent more than in 1981.

An emergency steering group has been established to examine what options are open to the company, including sales and redundancies. This group will have to consider a financial position which is thought to have worsened since the last published figures.

Vroom and Dreesman, meanwhile, claims to be benefiting from its tighter management and healthier debt ratio. It also has substantial interests in the U.S. and Japan.

Similarly, Ahold, which includes the giant Albert Heijn chain, derives some 40 per cent of its gross earnings from the U.S. Its latest acquisition there (in 1981) being Giant Foodstores.

Semperit gets subsidy and cash injection

By Paul Lendvai in Vienna

SEMPERIT, the Austrian tyre group, has received a State subsidy of Sch 600m ($34.9m) in addition to a cash injection of Sch 285m provided by Creditanstalt Bankverein, Austria's leading bank which controls the company.

However, Dr Franz Leibenfrost, chairman and director general, has warned both the bank and the government that further massive aid is necessary to finance a Sch 2bn investment programme.

Due to a collapse of the market, Semperit has had to revise upward anticipated losses for the current year. Sales of heavy duty tyres in January-April dropped by 16 per cent.

It is estimated that group losses this year will reach Sch 630m, against the originally projected Sch 220m. Semperit's accumulated losses at the end of 1981 already total Sch 1.3bn.

Earlier this year the company's capital was written down from Sch 1.7bn to Sch 855m and Creditanstalt provided a Sch 285m cash injection.

French bank bond issue

By Our Financial Staff

CREDIT LYONNAIS, the French bank, plans to issue two bonds on the Paris capital market next week for a total of FFr 1.5bn ($220.6m). It will launch a FFr 1.2bn, eight year floating rate bond with a minimum of 11 per cent. The remaining FFr 300m will come in an eight year bond with a fixed coupon of 16.80 per cent to be issued at par.

Also planned for the Paris bourse next week is a Fl 300m, eight year floating rate bond for the telecommunications group Codetel. Construction group GOBTP is also planning a FFr 300m eight year bond with interest calculated on the same basis as for Codetel.

Ambrosiano's mysterious Vatican connection

BY DUNCAN CAMPBELL-SMITH IN LIMA

THE LATE Sig Roberto Calvi, the enigmatic figure at the centre of the Vatican banking scandal, may or may not have believed that South America was the future Eldorado of international banking. That, at least, was what he told Sr Silva Rueta, Peru's then Finance Minister, in 1979.

Sr Rueta was attending meetings in Paris early that year to negotiate the rescheduling of Peru's debts. Sig Calvi approached him personally in Paris and made a big play for permission to open a Peruvian subsidiary for his Milan-based Ambrosiano group, the largest private banking concern in Italy.

A full subsidiary would have posed legal problems in Peru. Sr Alvaro Meneses, then the head of the State-owned Banco de la Nacion and a leading figure in the country's economy, recalls that Calvi's great enthusiasm about South America was welcomed.

"His group made quite an impression," said Sr Meneses this week. "It had a balance sheet approaching $20bn and a broad range of services across the continent." So Sig Calvi was encouraged to set up an offshore bank under a law passed in 1976.

Sig Calvi established a subsidiary for his group in October 1979, after two trips to Peru, and Banco Ambrosiano Andino joined a network of five Ambrosiano group offices in Latin America.

Three years later, the role assigned to this network within the general operations of the Ambrosiano group has caused sufficient concern to bring about, directly or indirectly, the death of Sig Calvi himself and the near collapse of his whole group in Italy's biggest financial crisis for many years.

The initial impetus for the concern, in public at least, of bankers and government officials was the May 31 letter from the Bank of Italy to Sr Calvi seeking details of the South American network's loan portfolio.

As is now known, a very large part of this portfolio comprised loans assigned to Panamanian subsidiaries of the State bank of the Vatican, Istituto per le Opere di Religione (IOR). The Ambrosiano Group loaned about $1.4bn to these companies, of which nearly half was loaned from Peru. It is not clear where the rest was loaned from. But why Sg Calvi should have fled from Italy and apparently taken his own life in London rather than answer the Bank of Italy's letter and disclose this relationship with the Vatican remains a mystery.

State commissioners running Banco Ambrosiano yesterday met officials of the Italian bourse commission CONSOB to discuss the crisis facing the bank. It is believed that the meeting dealt with ways in which the CONSOB could use its investigative powers to clarify Ambrosiano dealings, particularly its overseas loan operations.

It emerged yesterday that perhaps the greater part of the loans to IOR—about $680m—was originally booked some time before 1979 to an Ambrosiano subsidiary in Nicaragua. They were transferred to the books of the Lima offshore bank subsidiary—and the Nicaraguan bank was effectively run down—in late 1979 when that country's Sandinista revolution grew more threatening.

A disclosure of the Vatican connection, in itself seems extremely unlikely to have threatened the favourable position enjoyed with the authorities in Peru by the Ambrosiano group. The Peru operation got off to a good start in 1979 when Sig Calvi agreed to place about $70m on deposit with the Banco de la Nacion to help alleviate a cash shortage in the State bank. The group still has deposits of about this size with Banco de la Nacion.

In exchange for this favour, the Peruvian bank agreed to a request from Sig Calvi to help to build up Banco Ambrosiano Andino's image in the regional inter-bank market by putting deposits of its own with the offshore bank.

No exposure was involved in this for Banco de la Nacion since the Ambrosiano group gave it additional matching deposits from Italy. These "back-to-back" arrangements still exist—lifting total Ambrosiano deposits in this country to rather over $100m—and the Peruvian bank earns a ¼ per cent spread on the operation. The group is believed to have similar back-to-back arrangements with banks in Colombia and Venezuela.

In addition to these various elaborate schemes, Banco Ambrosiano Andino has a respected local management headed by Sig Giorgio Nassano, present chairman of the bank. The net impression in Peru is that the Italian group had a sound basis for offshore banking activities—including its loans to Panama.

The fact remains that this was not enough to induce the Ambrosiano chairman to disclose details about the loans. As unhappy Sig Nassano insisted this week, Sig Calvi was even reluctant to reveal the IOR's borrowing role to the Peruvian directors themselves.

Against this background of Sig Calvi's proclaimed ambitions in South America and his careful efforts to build up the Ambrosiano network there, the disaster which has befallen the group since the Bank of Italy's fateful request of May 31 looks more extraordinary than ever. It can only prompt the greatest suspicion about what the Vatican bank did with its borrowed money.

Default action by BBL

BANQUE BRUXELLES Lambert has begun a default action on a $10m rollover credit to Banco Ambrosiano Holdings, Luxembourg. The bank said the credit could not technically be declared in default, because payment on the principal was not due until next month. However, the bank has "called in the loan," which effectively begins a default action, writes our financial staff.

The five-year rollover credit was granted in 1979. Interest payments were due every six months, while payment on principal was set to begin in August.

Bond wins control of Norman Ross

BY MICHAEL THOMPSON-NOEL IN SYDNEY

WALTON'S BOND, the property and retailing arm of Bond Corporation of Perth, has finally acquired control of Norman Ross Discounts, which operates 40 stores in Queensland and New South Wales.

Yesterday, it bought 2,008,840 Norman Ross shares, 57 per cent of the total, from Grace Brothers, another major Australian retailer, taking its total stake to 99.38 per cent.

But resolution of this relatively minor struggle does little to clarify the much larger battle for Grace Brothers itself, still the subject of a A$196m (U.S.$200m) bid by Woolworths, which is unrelated to F. W. Woolworth of the U.S.

In an increasingly messy affair, four major factions each control around 20 per cent of Grace Brothers. Apart from the Grace family and the company superannuation fund, the major stakeholders are Waltons Bond, Adelaide Steamship and Savona, which represents the Australian interests of Tan Sri Khoo Teck Puat, the Singapore hotelier and developer. In addition, Woolworths has 6 per cent of Grace Brothers, and the Westfield property group 4 per cent.

At the bottom of this tangle is a very real-life struggle for extra muscle and market share in the increasingly concentrated Australian retail sector, where total sales in the year to April grew by 12.3 per cent to A$36.6bn.

The saga began early last month, when Grace Brothers made a A$16.6m bid for Norman Ross. It subsequently raised its bid from A$5 to A$6.02 a share, and was able to extend its holding to 55 per cent, at which point Waltons Bond countered with a late offer of A$6.50 per share.

After that, the struggle for retail power in Australia broke fully into the open with the much larger battle for Grace Brothers—a battle that has still to be resolved.

Waltons Bond said yesterday that it was its current intention to merge Norman Ross into its own operation to achieve economies of scale. Their combined sales in the second half of last year were A$340.4m.

But even Waltons was surprised by the turn of events. Referring to the deadlocked struggle for Grace Brothers, it said yesterday: "In view of the speed at which circumstances have changed, Waltons Bond has not had the opportunity to fully consider its position, and therefore further announcements can be expected in the near future."

Taiwan go-ahead for Hongkong Bank office

BY ROBERT COTTRELL IN TAIPEI

TAIWAN will fill an important gap in its international banking links with the arrival soon of the Hongkong and Shanghai Banking Corporation. Hongkong Bank, the colony's largest, has just received approval from Taiwan's Finance Ministry to open a representative office in Taipei. So keen was the ministry to welcome the newcomer that it waived its usual pre-qualification requirements for a foreign bank.

Foreign banks seeking a presence in Taiwan have to show a correspondent relationship with domestic Taiwanese banks dating back at least five years, plus business totalling an average U.S.$100m with local banks and corporations over each of the prior three years, plus a three-year average of lending at least US$20m annually to local long- and medium-term borrowers. There are 25 foreign banks in the country so far.

Hongkong Bank has not been asked to meet these requirements, but has instead been admitted under "clause three" to Taiwan's guidelines to foreign banks. Clause three provides for admitting major banks from countries which are not otherwise represented in Taiwan's banking community.

No doubt Taiwan would welcome any financial links with Hong Kong which might contribute towards attracting outward investment from the colony. But a more immediate factor is the facilitation of trading links. Hong Kong is Taiwan's third largest trading partner, according to the Taiwan Finance Ministry.

Hongkong Bank alone, says the ministry, has provided finance for Taiwan-related trade totalling US$1.3bn over the last three years. While the economies of both Taiwan and Hong Kong are seeing relatively dull current years, Taiwan hopes that the arrival of Hongkong Bank will help their mutual trade to grow.

Hongkong Bank is none too forthcoming about whether its arrival in Taipei might seem to have been rather a long time coming. But, since the bank has three offices in the People's Republic of China, it must be assumed that the bank would not have wanted to open up in Taiwan until it could be sure it could be done without political discomfort.

The question now is how long it will be before Hongkong Bank upgrades its Taipei presence from representative office—a "man on the ground"—to branch office. The bank, still awaiting written confirmation of the Finance Ministry's approval for its representative office, says it is early days yet. But local Taiwan feeling is that, with such a large tranche of ready-made business available to it, the bank is likely to move rapidly towards branch status.

It will join in Taipei an international banking community which has grown slowly but steadily since foreign banks were admitted 15 years ago. Other additions this year include a representative office for Wells Fargo and a branch office for Manufacturers Hanover, both of the U.S.

Total assets of local branches of foreign bank stood at $117bn (Taiwan) (U.S.$3bn), against a comparable figure for domestic banks of $1,249bn (Taiwan).

The Finance Ministry says the gap which it would now like to see filled is representation of a South African Bank—Taiwan has strong links with the country—and any additional Canadian presence.

PIA drops plans to buy new Airbuses

BY DAVID DODWELL IN ISLAMABAD

PAKISTAN International Airlines has abandoned plans to buy two new Airbuses in the middle of 1983. The financially frail national airline said yesterday it will buy second-hand aircraft, saving between $50m and $80m.

PIA will decide by the end of the year whether it will buy two second-hand Airbuses, at 40m apiece, or whether it will buy McDonnell-Douglas DC-10s at $25m apiece. A new Airbus would cost about $65m. PIA retained an option to buy two new Airbuses in three years' time from Airbus Industrie, the European manufacturing consortium.

The decision was made despite a substantially improved performance by PIA in the financial year ended June. This follows a major shake-up of the airline last August when unions were banned, union leaders thrown into jail and more than 4,000 employees dismissed.

General Rahim Khan, who retired from the armed forces to become PIA's chairman, argues that the purge "saved the airline from total collapse." Even now, its financial position is fragile.

Operating profits in the year to June more than tripled to Rs 220m ($18m) from Rs 70m, while turnover rose from Rs 6.5bn to Rs 7.1bn. General Rahim, nevertheless, believes that profits of at least Rs 600m are needed to make long-term recovery possible.

PIA faces heavy costs in the near future for Aircraft purchases. The country's exchequer must also find the money to upgrade Pakistan's main airports. The five-year plan, due to start in 1983, is likely to allocate more than $300m to build a new terminal at Karachi Airport, a new runway at Lahore and a new airport at Islamabad.

While performance of the company has improved over the past year, it is certainly far from out of the woods. The Iran-Iraq war, which has cut traffic and forced aircraft to operate over longer routes, has cost the company an extra Rs 56m. Higher fuel costs have added Rs 19m to the company's expenses. Shifts in exchange rates have cost about Rs 68m.

In addition, the company estimates that newly introduced direct flights by Saudi Airlines between Pakistan and the Middle East have cut Rs 45m from PIA's profits.

Nedbank raises $200m for South Africa

By Our Johannesburg Correspondent

NEDBANK, South Africa's largest locally-owned bank and the third largest overall, has arranged a $200m multi-currency loan for the South African Government. The five-year loan carries a floating rate of 0.75 per cent above the London inter-bank offered rate. It will be brought down in sterling and U.S. dollars in equal amounts.

Nedbank did not identify the lenders but said it had syndication facilities with a number of international banks. The loan was arranged through Nedbank's London office on the initiative of Nedbank.

This is the first time that the South African Government has taken up a loan from a local bank in this manner and it is the first time that Nedbank has participated directly in public sector lending.

Mr Owen Horwood, South Africa's Finance Minister, said the ¾ per cent margin over Libor reflected the regard in which the South African economy was held. The country was not at present over-exposed to foreign lending, he added. Nedbank recently arranged a $100m overseas loan for South African Breweries, one of the country's leading industrial companies.

Japan Air to take steps to improve performance

TOKYO—Japan Air Lines plans to announce a package of measures around the end of this month aimed at improving performance after a slower than expected growth in passenger load factors in the first quarter of the current year, started in April.

The airline, 37.7 per cent owned by the Japanese Government, reported a 95 per cent fall to Y204m ($800,000) in pre-tax profits in the year to March on a 10 per cent rise in sales to Y723.61bn. It forecast a recovery in pre-tax profits for the current year to Y800m.

JAL said the planned package is likely to include measures to trim costs, including route cuts.

The package would be aimed at meeting the profit target and maintaining the final dividend for the current year at Y40 per nominal share.

JAL added that growth rates in load factors in the first quarter were lower than expected, but it gave no figures.

The airline's shares on the Tokyo stock market closed at Y2,330 yesterday, Y20 down from the previous finish.

Reuter

Fall in BHP profits seen

SYDNEY—Broken Hill Pty., Australia's biggest company, is expected to report today a much reduced net profit for fiscal 1982, stock analysts believe.

The company is Australia's only raw steel maker and has been hard hit by the world wide steel sector slump. Analysts net profit forecasts range from A$130m (US$132m) to A$140m against A$258m earned in fiscal 1981.

The reported profit is based on BHP's unique system of inflation accounting by which it deducts an item called fixed asset value adjustment (Fava) from earnings. This depreciation-related item is not recognised by the Australian Government for tax purposes.

On a conventional basis, the analysts forecast a net profit of between A$365m and A$372m again the A$491m last year.

The forecasts might be slightly optimistic because it is unclear how large are BHP's losses from its steel division.

BHP's major money spinner is its half share in the Bass Strait oil and gas fields which are expected to turn in a profit of between A$230m and A$250m after Fava or between A$235m and A$256m on a conventional basis.

The company's mineral division has suffered from slack demand and prices and is expected to report a post-Fava loss of between A$15m and A$20m or a profit of around A$20m or A$23m in normal terms.

Reuter.

Advance at Dai Nippon Printing

BY YOKO SHIBATA IN TOKYO

DAI NIPPON Printing, Japan's largest printing company, reported a modest growth in earnings in the year ended May. Unconsolidated operating profits rose by 6.7 per cent to Y43.79bn ($171.7m). Net profits were up 5 per cent to Y21.3bn on sales of Y521.76bn ($2.05bn), up 8.4 per cent.

Sales of books and periodicals rose 6.8 per cent to account for 19.3 per cent of total turnover, thanks to the contribution of new magazines. Sales of the commercial printing division grew by 11.2 per cent to account for 44.7 per cent of turnover, with a major thrust provided by brisk sales of micro-products such as photomasks and shadow-masks used in integrated circuit production.

Sales of paper containers and the special printing division rose by 5.8 per cent to account for 36 per cent of the total.

Heavier competition and higher depreciation charges reduced net profit margins. Net financial income, however, rose to Y3.7bn from Y1.8bn.

For the current year the company is forecasting a 20 per cent sales growth in micro-products. But higher depreciation charges are likely to put a drag on earnings.

Operating profits are expected to rise by 2.7 per cent to Y45bn. Net profits are projected at Y22bn, up 3.2 per cent, on sales of Y556bn, up 6.6 per cent.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Shops alone beat the inflation rate

SHOP property remains the only sector of the commercial property investment market to have beaten the race against inflation over the past five years. But the period of dramatic growth for retail rents and capital values has now also unquestionably come to an end.

The latest annual property indicators from Richard Ellis confirm the recent sluggish performance of commercial rents and capital values in the face of the continuing recession.

The Ellis indicators cover the performance of 777 office, shop and industrial properties, valued at £1.1bn, over the year up until March 1982 and show that capital values in all three sectors have fallen behind inflation during the 12 month period.

Nonetheless, capital values of retail premises have, according to Ellis, risen by 30 per cent after adjusting for inflation, since March 1978. By comparison, office properties have only just about matched inflation over the five years while inflation-adjusted values of industrial premises have fallen by 7 per cent since 1978.

Indices of commercial rents show that, after adjusting for inflation, only retail properties have seen a real increase—of 9 per cent—over the five years. Office rents have declined by 7 per cent since 1978 while industrials have put up a surprisingly better performance declining by only 2.7 per cent since March 1978.

Perhaps the most surprising feature of the Ellis survey is that prime investment yields had not, by March this year, softened, despite the dull market performance of the last 18 months or so. They do add, however, that there have been one or two signs since early Spring of yields on some types of properties rising marginally. Institutions have certainly become much more selective in their investment policy.

Commercial property capital indices

Inflation adjusted

	March 1978	March 1979	March 1980	March 1981	March 1982
Offices	100	109.3	104.2	104	99.7
Shops	100	115.8	124.9	130.8	130.6
Industrial	100	108.1	108.1	100.1	93
All property	100	110.0	108.5	107.4	103.2

Commercial property rental indices

Inflation adjusted

	March 1978	March 1979	March 1980	March 1981	March 1982
Offices	100	101.1	96.6	97.3	93
Shops	100	106.3	109.6	112	109.2
Industrial	100	106	107.3	104.9	97.3
All property	100	103.1	101.6	101.5	96.4

Crown Estate spreads further

THIS week's annual report from the Crown Estate throws more light on the workings of a property empire which is as extraordinary as it is ubiquitous.

The Estate's more eye-catching interests include most of the frontage of London's Regent Street, as well as a fair chunk of St James's, and reach out to embrace such widely diverging jewels as Royal Ascot racecourse, an industrial estate in Milton Keynes and, for good measure, half the foreshore around the coast of the United Kingdom.

But though there is a temptation to write off the Estate as a mysterious, historical hotchpotch which has more in common with its 18th-century beginnings than with the present day, it has been developing into something much more contemporary.

The Estate—not to be confused with the unhappy Crown Agents—is currently involved in some of the largest development schemes around London and has ambitious plans to penetrate deeper into the commercial property market, with the emphasis away from its traditional London base.

Since 1760, when George III surrendered the surplus revenues of the Crown Estate to parliament in exchange for the provision of a Civil List, the Estate Commissioners have been responsible for "maintaining and enhancing" its value. A recent informal agreement with the Treasury has interpreted this to mean that the Estate must maintain its revenue surplus in real terms over a period of time.

No value has ever been placed on the Estate and the absence of any valuation procedure was recently criticised by members of the House of Commons public accounts committee, who suggest that a regular valuation would provide some indication of whether the Commissioners were fulfilling their parliamentary obligations.

The Estate's stance is that it would be impossible to value items like Windsor Great Park and that the expense would not be justified, given the Estate's specialised nature and the limited used of any valuation in providing a measured judgment of its overall performance. Whether the Committee accepts such an argument or calls for a valuation should become clear on publication of its report.

Exchequer

This week's report shows that in the year ending March 1982, rents reached £25m and the net contribution to the Exchequer was £14m against £11.4m in the previous year. The Estate says it cannot identify a clearcut programme of capital commitments, because of the uncertain pattern of revenue arising from lease renewals, but last year it spent around £31m on buying in freeholds and leases and on new schemes.

The Estate's plans for establishing a well-balanced portfolio (its 260,000 acres of agricultural land make it somewhat overloaded in that direction) are largely predicated on a substantial uplift in income which will arise over the next 15 or 20 years as a high proportion of its Regent Street leases fall in.

Some premature renewals are already being finalised and they provide a clear indication of what is to come. In one new deal, a Regent Street corner store which comprises six frontages has just renegotiated a fixed £12,400 a year rent—due to run until 2006—and agreed an annual rental of £220,000 for a new 99 year lease. There will be five-year reviews at 31 per cent of the rack rent.

In another case, a shop has agreed to pay a rental up from £3,450 a year to £20,000, with a premium payment of £300,000.

Leases

The Estate's plan is to push much of the capital arising from the renegotiation of central London leases into a mix of commercial schemes outside London. But the Estate also has continuing, heavy commitments in the capital and unless it can increase the involvement of outside financing partners, which is currently causing some problems, then its diversification programme will have to slow down or even be postponed. Financing more schemes from its own resources could clearly secure greater returns, although this would also carry extra risks.

The Estate's present difficulties in finding institutional investment partners stem from the fact that, as a mater of statute, it can only grant 100 year leases, whereas most funders want substantially longer. A change would require an Act of Parliament but such a course of action has not been ruled out.

The 100-year lease problem looks as though it is causing some difficulty over the Estate's plans to develop, along with United Real London Property Trust, about 150,000 sq ft of offices, shops and residential space in Victoria Street, Westminster.

The scheme, which has reached the outline planning stage, entails a linked development on land owned by the two parties. It seems that plans to find one institution to fund, under separate arrangements, the overall project has been upset by the limitations on the Estate's leases. URLP is now understood to want to seek its own, separate funding partner.

The Estate has also clearly had problems of another kind in respect of its Millbank redevelopment scheme, which includes the Crown Reach riverside apartments and the Drummond Gate offices, the first phase of which should be occupied by the Metropolitan Police at the end of this year.

The £75m project represents the largest internally financed scheme ever undertaken by the Estate but it has openly acknowledged that its performance as a direct developer on such a scale has exposed management weaknesses. But though it might be happier in its role of landlord, events are likely to dictate that its transformation into a fully-fledged development and investment operation will continue, given the funds and the personnel.

● A letting at £100,000 a year to Henlys has filled the first phase of London & Leeds Investments' Capitol Industrial Park at Hendon, north London. Henlys are taking 25,000 sq ft of floorspace. Joint agents are Jones Lang Wootton and Grant & Partners. King & Co acted for Henlys.

Leicester gets £45m business park

A £45m business park in Leicestershire is to be developed by the A. H. Wilson Group and subsidiary A. H. Wilson Developments. To be known as the Meridian business park, the 72-acre complex will be located at the M1-M69-A46 motorway junction, within Leicestershire's motorways' employment area. The first phase of the scheme will provide 134,000 sq ft of floorspace, as well as a 6,000 sq ft office block for the developer. Work on site has already started.

● Macwall Estates, a joint venture company of Second London Wall and Tarmac Construction has beaten off Speyhawk Investments to win planning approval for a 70,000 sq ft retail and office scheme in Princes Street, Richmond. Speyhawk had International Stores lined up as the tenant for the proposed 40,000 sq ft supermarket but Macwall won the day by tying up with Sainsbury's and asking NOP to conduct a poll, which showed an overwhelming majority of shoppers would prefer Sainsbury to International.

● Arlington Securities have achieved a rental of £11 a sq ft for their 20,000 sq ft refurbished office scheme in Sydenham Road, Croydon. The tenant is the Midland Bank and the development was carried out in association with Industrial and Commercial Property Unit Trust, which is managed by Morgan Grenfell Property Services.

● Bow Back House, the joint National Car Parks—European Ferries office scheme in central Milton Keynes, has been let to Pharmacia (GB) at a rent in excess of £7 a sq ft. The 32,000 sq ft building is opposite the site reserved for the Central Business Exchange and close to the new railway station. An identical second building, Midsummer House, is available for letting as a whole or in individual 2,000 sq ft floors. Letting agents are Jones Lang Wootton and Peter Brunswick.

● A one acre development site in the centre of Melbourne is to be sold by auction by the Quinn Group next Thursday. The site has a permit for a 470-room hotel and is in Exhibition Street. According to Richard Ellis, joint agents with Lindsay G. Quinn and Associates, at least six international development groups are interested. A residential development or commercial scheme are also possible.

● Woking Borough Council has recommended acceptance of a £7.15m bid from Guildborne Developments for an office development site in Guildford Road, Woking. The site has planning permission for 90,000 sq ft of offices and 17 bids were submitted. Farris Bird acted for Guildborne and the scheme should be completed in mid-1984.

On the instructions of British Ever Ready Limited

1255 HIGH ROAD WHETSTONE N20

SELF-CONTAINED OFFICE BUILDING APPROX.

77,000 sq.ft.

● Extensive car parking ● Three automatic passenger lifts ● Oil-fired central heating ● Partitioned and carpeted ● Separate air-conditioned executive wing incorporating boardroom and dining facilities ● Fully equipped canteen ● PABX Telephone system installed ● Landscaped gardens

Lease 25 years unexpired with only one rent review

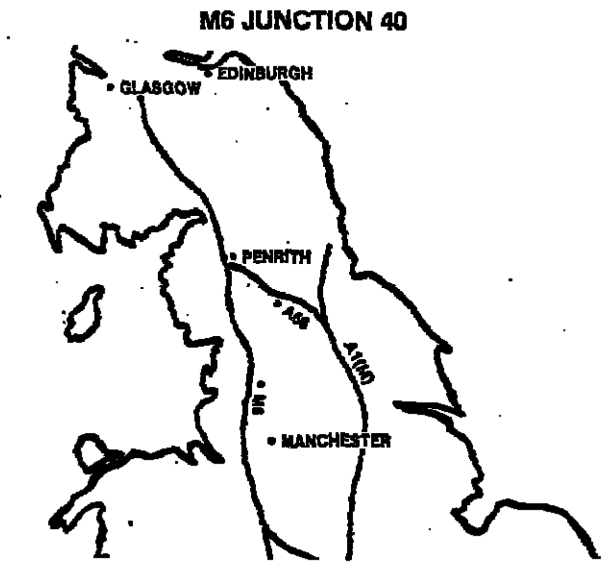
Sole Agents

DE&J LEVY 01-930 1070

Estate House 130 Jermyn Street London SW1Y 4UL Telex 267761

PENRITH INDUSTRIAL ESTATE

M6 JUNCTION 40



72 ACRES WITH 48 ACRES REMAINING

Fully Serviced Freehold Sites Available

FOR SALE OR TO LET

Units from 5,000 sq. ft. to 200,000 sq. ft.

Adjacent to the most important North/South-East/West Junction North of the M62

Rail sidings adjacent and available onto sites

Present occupiers include Magnet Southerns, Unilever and Truckstops

Johnson Kelly Commercial

15 Silverwell Street, Bolton, Tel: 384384

Central Cross

at the crossroads of London

- Flexibility—3,000 9,000 or 12,000 sq. ft. available
- Full air conditioning
- Raised floors
- Ample car parking
- Prestige Entrance Hall
- Automatic passenger lifts
- Carpeted throughout

Jones Lang Wootton, Chartered Surveyors, 103 Mount Street, London W1Y 6AS. 01-493 6040

Edward Erdman 01-629 8191, 6 Grosvenor Street, London W1X 0AD

On the instructions of Thorn EMI

ENFIELD—MIDDX.

1 ACRE SITE

32,800 sq. ft.

FACTORY

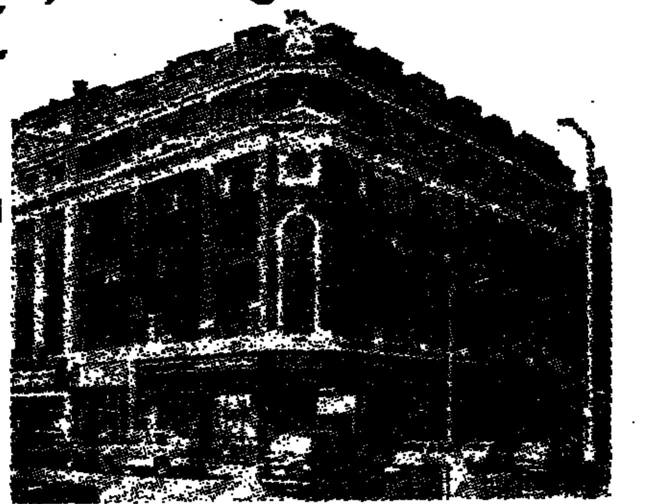
FREEHOLD £300,000 OR NEW LEASE £1.05 SQ FT

MELLERSH-HARDING Tel: 01-493 6141

MILLS & WOOD Tel: 01-499 0934

136/142 VICTORIA STREET SW1

PROMINENT SELF-CONTAINED OFFICES 20,000 SQ FT OPPOSITE VICTORIA STATION



All enquiries

Phoenix Beard, 2 Chandos Street, Cavendish Square, London W1M 0EH. 01-323 4681

BIRMINGHAM

4 miles City Centre

(½ mile Junction 1 — M5)

HIGH YIELDING INDUSTRIAL/OFFICE INVESTMENT

Present income: £200,000 pa approx.

ERV £500,000 pa approx.

(Large Reversions 1983)

FREEHOLD FOR SALE

Write Box T5730, Financial Times 10 Cannon Street, EC4P 4BY

WALKER WALTON HANSON

On Instructions from the Trent Regional Health Authority acting as Agents for the Secretary of State for Social Services

Nottingham

FORMER WOMEN'S HOSPITAL

Suitable Residential, Educational, Medical

Site area 2.16 acres

Freehold For Sale

(01) 493 1935. 36 Dover Street. London W1X 3RB. Telex 261867

(0602) 54272. Byard Lane, Bridlesmith Gate. Nottingham. Telex 378157

Mansfield Notts - Melton Mowbray, Leics., - Oakham, Rutland, Leics.

On the instructions of Plessey Properties PLC

EASTERN AVENUE

ILFORD

SHORT TERM LETTING

FACTORY/WAREHOUSE SPACE

Areas 14,000-19,000 sq. ft. approx

Only £1.25 p.s.f. p.a.

Knight Frank & Rutley, 20 Hanover Square London W1R 0AH Telephone 01-629 8171

ISLINGTON

1,730-8,445 SQ FT

NEW OFFICES NOW AVAILABLE

Peter Taylor & Company, 16 Bolton Street, London W1Y 7PA. 01-499 5511 Telex 23583

CONWAY RELF STANTON SURVEYORS, 44 St. James's Place London SW1A 1PQ. 01 629 9100

5,500–11,000 sq.ft.

SUPERB AIR CONDITIONED

OFFICES

SHORT OR LONG LEASES

HOUNSLOW

01-584 4956

Dumfries & Galloway

Woodlands for Sale Privately

Mixed Woodlands mainly young conifers 15 to 25 years 856.5 acres (346.6 ha.) in 59 separate areas interspersed throughout pleasant farmland which is not for sale.

Full details from:—

The Factor, Castle Milk Estates, Norwood, Lockerbie, Dumfriesshire. Telephone Kettleholm 203

WEYMOUTH

On Instructions from Southern Electricity

APPROX. 7 ACRES (MIGHT DIVIDE) OF INDUSTRIAL LAND (CLASS III & X) WITH MODERN SINGLE-STOREY ADMINISTRATIVE BUILDING OF 5,600 SQ. FT.

and parking for 40 cars

FOR SALE FREEHOLD WITH VACANT POSSESSION

Apply

Bernard Thorpe and Partners

Old Library House, 4 Dean Park Crescent, Bournemouth Tel: 0202 21821

BROMPTON ROAD

NEW OFFICE DEVELOPMENT

13,000 sq. ft.

A/C, LIFTS, CAR PARKING, CARPETS + LIGHTS

Sole Agents:—BARRINGTON LAURENCE, 71, SOUTH AUDLEY ST., LONDON W.1. Tel: 01-492 0141

BOURNEMOUTH

Single Storey

FACTORY

with Offices

31,750 sq. ft.

Heating ● Parking ● Good loading

FREEHOLD FOR SALE

PRICE REDUCED

EDWARD SYMMONS & PARTNERS, 56/62 Wilton Road, London SW1V 1DH Tel. 01-834 8454 Telex 8954348

GOADSBY & HARDING, 37-43 St. Peter's Road Bournemouth BH1 2JR Telephone (0202) 23491

PROPERTY APPOINTMENTS

GROUP PROPERTY INVESTMENT MANAGER

Challenging, highly rewarding post for experienced chartered surveyor, age 30 - 40 (male or female).

Successful applicant will currently hold similar position with major UK property company or leading firm of chartered surveyors.

Must possess right attitude for managing a privately owned portfolio (value in excess of £25 million), located in home counties.

Full support of in-house legal, taxation, architectural, engineering and surveying experts.

Outstanding salary and benefits will be paid.

Applications to:

Ref. PAW, Hunting Gate Group Limited, P.O. Box 4444, Hunting Gate, Hitchin, Herts., SG4 0TB Tel. Hitchin (0462) 4444

Hunting Gate 4444

INTERNATIONAL PROPERTY

TEXAS

OFFICE INVESTMENT FOR SALE

★ ATTRACTIVE LEVERAGING

★ EXCELLENT LOCATION

★ SINGLE TENANT ON FRI LEASE

Principals or agents with named clients only need apply to Box T5720, Financial Times 10 Cannon Street, London EC4P 4BY

WATERLOO

(half mile)

POTENTIAL H.Q. COMPLEX

13,500 sq. ft.

Freehold. Immediate possession

DRUCE: 01-486 1252

NW5 Warehouse

5,000 sq. ft.

Immediate availability

New Lease

Ref: RCB

EDWARD SYMMONS & PARTNERS Tel: 01-834 8454

COMMERCIAL & INDUSTRIAL PROPERTY

APPEARS EVERY FRIDAY

THE RATE IS £27.50 PER SINGLE COLUMN INCH

SWITZERLAND

FOREIGNERS can buy apartments freehold on LAKE GENEVA, in Montreux near Lausanne, or all year round resorts: St Cergue near Geneva, Villars, Verbier, Les Diablerets, Leysin, etc. FINANCING 50-70% AT LOW INTEREST RATES. Also quality properties in France: Apartments in EVIAN on the lake, approximately 35 minutes from Geneva, and luxurious villas VERY NEAR THE BORDER OF GENEVA, built to your specifications. Advise area preferred. Write to: Developer, c/o GLOBE PLAN SA, Mon-Repos 24, 1005 Lausanne, Switzerland Tel: (21) 22.35.12 - Telex: 25185 melis ch

MODERN OFFICE BUILDING WINDSOR

7540 SQ. FT. PLUS 6 CAR SPACES

★ Air conditioning

★ Telephone/Telex

★ VP, except top floor—sub-letting of £13 p.s.f.

LEASE FOR SALE 01-242 4321

Biscoe Stanton

L.B. of EALING

FREEHOLD development site 2.25 acres with OPC for 11 units total 41,400 sq. ft. Warehouse and Industrial. For sale.

SINGLE STOREY FACTORY with Offices 74,800 sq. ft. Current lease to Sept. 1985. Rent £90,000 p.a.

Sole Agents: MILLS & WOOD 01-499 0934

OFFICE TO LET

MAYFAIR

7 Upper Grosvenor Street, W1

SMALL SELF-CONTAINED OFFICE SUITE TO LET

Superbly presented suite of two large offices and four medium sized offices on the top two floors of a prestige period building in the heart of Mayfair. The accommodation comprises approximately 1,137 square feet and is supplied with new fitted carpets, curtains, telex and Herald telephone installation. No premium is required but substantial rent is expected for this attractive suite on a short or longer term let by arrangement through sole agents. Immediate inspection possible.

PHILIP ANDREWS, 2 Duke Street, Manchester Square London W1M 5AA. Tel. 01-486 5991. Telex 25734.

VICTORIA, SW1

VARIOUS OFFICE SUITES 570-2,400 SQ FT

Lift - CH - New Leases

DANIEL SMITH

32 St James's Street, London, SW1 Tel: 01-930 8385

CITY WALL HOUSE, EC2. Refurbished offices to let. 6 months rent free. 2,450 and 3,790 sq ft. Jones Lang Wootton. Kent House, Telegraph Street, Moorgate, London EC2R 7JL. 01-638 6040.

SHOPS AND OFFICES

CENTRAL ENGLAND at Didcot, Oxfordshire

(convenient M4, M40, rail link etc)

Purpose Built MODERN OFFICE BLOCK of c. 7,180 sq ft on 2 Floors

Comprehensive CH, all services

Good car parking

£400,000 FREEHOLD

ADKIN, 180 Broadway, Didcot, Oxfordshire - Tel. Didcot 813131/2

KENSINGTON, W8. Freehold office building of 650 sq. ft. with two self-contained studio flats on 1st and 2nd floors. Vacant possession on completion. Batty Waterhouse, 01-229 5155. Ref. DNS.

FARNHAM—Prestige building with office consent comprising approx. 8,000 sq. ft. situated in commanding position within the town centre. Freehold for sale. All enquiries WELLER EGGAR COMMERCIAL DEPARTMENT, 74 Castle Street, Farnham, Surrey. Tel: Farnham (0252) 716221.

WANTED

WE URGENTLY require Commercial and Residential Property Investments in the U.K. of any size for retaining clients. Details to N. Geala, Geala & Partners, 285 Edgware Road, London, W2. Tel: 01-723 3878.

LAND FOR SALE

ANGLESEY—BUILDING LAND FOR SALE with outline and detailed planning permission—72 plots—£80,000. Apply Box T.5722, Financial Times, 10, Cannon Street, London, EC4P 4BY.

WANTED

Practice Manager or Partner to cover London and Southern England

Aged 35-40 to join Company specialising in property communications. Must have some property experience and also marketing experience. An existing office would be of assistance.

Apply Box A.7927, Financial Times 10 Cannon Street, London EC4P 4BY

FLORIDA U.S.A.

Central Clearwater

SUBSTANTIAL FREEHOLD INVESTMENT PROPERTY IN PRIME LOCATION

54,000 sq ft office complex on 3.8 acres

$3.3 million

(20% down. Balance over 30 years)

Seller will partially leaseback

Call U.S. Real Estate Sales Ltd. 01-836 5061

INVESTMENT & LAND DEVELOPMENTS

Freehold land with planning permission & planned residential developments in southern Spain for private or corporate investment, participation up to a maximum of 50%. A minimum of £50,000 is required, short term 1-2 years yielding high returns compared with the UK property market.

OPS LTD. 33 Sackville St., London W1X 1DB Tel: 01-439 9328 (24-hrs.)

INVESTMENT IN MANHATTAN REAL ESTATE

Luxury coops in "upper east side" offered at 30% below appraisal value. From 70,000 to 300,000 U.S. dollars. All amenities. 24 hour doorman service, etc.

Further details on request

Write Box T5731, Financial Times 10 Cannon Street, EC4P 4BY

TUSCANY (Italy)

FOR SALE — such as it is MAGNIFICENT ANCIENT VILLA. Perfect condition, furnished, in the heart of Tuscany, wide park, cellars, stables, 100 hectares ground approx. Adjacent farmrooms, 4 wonderful Farmhouses.

Please phone 0573 22288 during office hours

FLORIDA, U.S.A.—Commercial developed plots on major highways 70% finance at 8¼%, reducing rate of interest. Annual payment. Rare opportunity. Sharman and Sharman, 451 Alexandra Avenue, Harrow, Middx. 01-868 1223.

CASTLE AND WHITE DEER

Immaculate small Castle. Famous herd 55 deer on up to 32 acres

Colour Brochure from Secretary

Mallow Castle, Co. Cork, Ireland

Tel: Mallow (022) 21469

HAMPSTEAD

Luxury Fully Furnished TOWN HOUSE

Facing Park near Underground, Shops and Tennis Courts

4 Bedrooms, 2 Reception Rooms, 2 Bathrooms, 4 WCs. £125,000.

TEL: 01-346 5605

ISLE OF MAN. Commercial premises on Ramsey Bay, Port St Mary. Ideal for residential development. Beautiful sea and coastal views and close proximity to beach, £70,000. Contact Secretary Island Garages Group, Peel Road, Douglas. Tel. 0624 3781.

BEAT COMMUTING. Operate from a fully serviced office next to the Castle in Windsor. Suites from £4,000 pa. Ring: Windsor 55860.

UK CAR TARIFFS

Behind BL's cries of 'unfair' competition

BY JOHN GRIFFITHS

BL'S BOARD and Vauxhall's shopfloor workers make unlikely bedfellows. But they find themselves fighting a common cause, if not for quite the same reasons.

In September, the Transport and General Workers' Union executive committee will decide whether to endorse a call from local officials at Vauxhall's Luton and Ellesmere Port plants for action against General Motors' new small hatchback, the "S" car.

If the endorsement is forthcoming, dockers will "black" imports of the car, due to go on sale next spring.

In theory, the ban would continue until such time as GM agrees to assemble the car at one of Vauxhall's UK plants, "where jobs for our members would be generated."

It would be overstating the case to say that BL also *wants* it to be built in Britain—it is going to be an uncomfortably strong competitor for BL's Metro.

But the "S" car is being built in Spain, at a new plant at Zaragoza.

And that, to BL, is anathema.

BL claims that the "S" car will cost 30 per cent less to bring in from Spain. It will thus share the similar "unfair" advantage that Ford gets from shipping 60,000 Fiestas a year to the UK from its own plant at Valencia.

"Unfair", asserts BL, because those imports are subject to a 4.4 per cent duty. BL cars reach Spanish buyers' hands via a 36.7 per cent tariff which swells to 60 per cent with local taxes.

In much the same way as Britain's "gentlemen's agreement" with Japan restricting the latter's UK market share to 11 per cent was conceived originally as allowing the UK industry to rebuild itself, Spain was given the preferential tariff in 1970 to protect its infant industries.

BL, in a campaign which is becoming increasingly strident, argues that it is wrong to continue Spain's preferential treatment when it is now actively damaging the UK motor industry.

Even in a buoyant market, BL asserts, the tariff structure is unfair in principle. The Spanish models' list price might be pitched at UK-built cars' levels, but the discounting jungle warfare in the UK means that Ford has, and GM will have, a pricing cushion denied to BL, which last year made 95 per cent of its £600m component purchases in the UK as well.

Last weekend, another cloud settled over BL with the disclosure of Ford's letter of intent to build a $1bn assembly plant in another low-cost country, Portugal.

BL derives litle comfort from the fact that both countries are EEC candidates, expecting transitional periods of up to 10 years before tariffs are fully harmonised.

BL's complaint about "unfair" trading goes well beyond the Iberian peninsula, however. It asserts that 300,000 new cars, just over 20 per cent of the UK market, come from "unfair" sources:

From Comecon countries, all but impenetrable to Western producers; from South Korea, which as a "NIC" (newly industrialised country) gets duty-free access to the UK but imposes up to 150 per cent duty on car imports; from Japan, with its "invisible" barriers (though BL does not mention the UK's own curbs in the same breath); from South Africa, which has quotas and up to 50 per cent duty against UK entry of 10.6 per cent, and which is now the source of a Ford light pick-up; and, potentially, from Australia.

Mitsubishi and Toyota are investigating getting round the "gentlemen's agreement" by bringing in cars from Australia. These would have 85 per cent Autralian content—but Australia itself imposes quotas and duty up to 131 per cent, against a 14 per cent UK tariff.

BL's case is for equalised tariffs, with an unspoken preference for raising rather than lowering them. It is not hard to understand why it prefers the latter: its main European competitors have already crowded into Spain with assembly operations, both as a cheap potential export base and to gain tariff-free access to a Spanish domestic market which is one of the few in Europe promising substantial growth.

Overseas, BL's chances of penetrating markets where Japanese manufacturers increasingly hold sway are minimal.

There is little real chance of tariff adjustment, particularly in regard to Spain, which BL sees as much the biggest threat to its recovery.

Britain for years has sought to persuade Spain to reduce its car import barriers, without success. The UK Government has few weapons and unilateral action against Madrid would be extremely difficult.

The root of the problem is that the UK tariff on vehicles from Spain is the common EEC one. Any change in that would first have to be negotiated through the EEC and in the unlikely event of the EEC acting against Spain alone, it would be in breach of the General Agreement on Tariffs and Trade (GATT).

GATT's basic principle is that there should be no discrimination against any single country.

At the same time, Whitehall is aware that if there was discrimination against Spain, the Spanish Government, through the manipulation of quantitative restrictions, could retaliate against a wide variety of British goods.

With other European makers having a foot in both camps, it is obvious that BL's position in lobbying would be an isolated one. And both Ford and GM could throw other arguments into the pot: for example, that the trend to internationalised sourcing of components means that some UK-made components are in any case already going into Spanish-built vehicles (estimated at about 15 per cent of the Fiesta's content.)

Perhaps cynically, some motor industry observers suggest that what BL is doing with its "unfair" trading complaints is drawing attention to possible scapegoats in case its recovery programme starts to go adrift.

The problems are mounting. Admittedly Jaguar is doing well both at home and overseas. And sales of the volume car division, Austin Rover, have jumped by nearly 25 per cent on the Continent this year to 47,194 and are expected to hit 100,000 in the full year.

But despite big productivity improvements—up 50 per cent overall in the past 18 months; 120 per cent at Longbridge—"we are making zero profit on them," says BL, because the UK's historically high inflation and the strength of sterling still leave it a high cost manufacturing base on which to be wholly dependent.

And, it argues, they are being sold into markets where prices are artificially low because of intense competition and, in the case of Belgium, price controls. (Consultants DRI Europe have reached the same conclusion, on the basis of the European industry's net profits of £2.2bn in the three years from 1978 being swamped by a more than £6bn shortfall on cash flow).

At the same time, the UK car market is shrinking below forecast levels, and BL now looks unlikely to hit its target 21 per cent share of that smaller market—it currently stands at just over 18 per cent. While its new models — Metro, Acclaim, Rover, Ambassador—are mostly hitting targets, sales of older models on which BL still has to rely, such as the Ital, pending the appearance of the LM 10 next year, have fallen off a cliff. And the rife discounting has in any case cut into revenue per car.

Pointing to the halving of the workforce to 53,000, a rise in car output per man year from 7.7 to 25 since 1980 at Longbridge and the past four years' 5 per cent pay rises, BL asserts that "we have done all that was expected of us to put our own house in order."

It is now up to the Government, BL suggests, to take positive steps not just in terms of "unfair" trading, but to encourage other manufacturers to make more of their cars in the UK.

BL argues that the Government's economic policies, allied to the oil-fuelled strength of the pound, are responsible for a 50 per cent erosion in the UK manufacturing industry's international competitiveness since 1977.

It is this, it insists, which lies behind what it claims is the discernible drift by Ford, General Motors and Talbot away from the UK as a manufacturing base. In 1977, according to BL's figures, GM produced only 25 per cent of its UK sales outside the UK; last year, 54 per cent. Over the same period, Talbot's imports rose from 19 to 31 per cent; Ford's from 25 to 44 per cent.

In the first four months of this year, 100,000 "British" badged cars were imported: all Ford Capris and Granadas, all Vauxhall Royales and Viceroys, all Talbot Sambas, Tagoras and Ranchos; 50 per cent of Fiestas and Cortinas, 29 per cent of Escorts, 61 per cent of Vauxhall Astras, 45 per cent of Vauxhall Cavaliers and 84 per cent of Talbot Horizons.

On BL estimates, the level of "captive" imports is equivalent to just over 40,000 lost jobs in the UK. BL acknowledges that there can be no formal objection to European makers concentrating on other EEC plants if the incentive to build in the UK is missing, but says it is a "tragedy," the implications of which the Government may not be fully aware.

However, apart from attacking the Government's move to make "parallel" imports of cheap cars from the Continent easier—on the basis that it is "ludicrous" to envisage harmonised EEC car-prices when no harmonisation exists of economic policies—BL appears short of ideas as to what precisely the Government should do to encourage other makers.

In the meantime, it has already stripped £300m from its revenue forecasts in the expectation that, even in the absence of any economic policy shift, UK prices will now have to rise at less than the rate of inflation while—it hopes—Continental prices move closer to the UK level.

But it is also in the process of warning Ministers that without at least some action on "unfair" trading, it will have to "dramatically" change its "buy British" policies and purchase much more abroad.

Not surprisingly, its rivals are not impressed, pointing to the joint Honda-BL Triumph Acclaim, much bigger collaboration planned with Honda on an executive car, VW gearboxes for LM and Italian VM engines already in Rovers and planned for Jaguars.

Of course, they add, there is also the question of the £990m Government funding for BL. There is more than one way, they suggest, of regarding competition as unfair.

Pilot production of General Motors' new "S" car, the Opel Corsa.

COMMODITIES AND AGRICULTURE

Coffee surplus warning

BOGOTA—Colombian President Julio Turbay called for an international policy to regulate coffee stocks and reduce an alarming coffee surplus expected by 1985.

Supply projections put world coffee output in the 1984-85 coffee year at 90m to 92m bags (of 60 kilos each) while export demand in that year is estimated at 64m bags, President Turbay said.

Colombia has approached the governments of several consumer and producer countries with a plan to ensure fair export quotas and prices for a long period, he said.

Meanwhile in Rio de Janeiro, the Brazilian coffee institute (IBC) said Brazil was not planning any immediate changes in its coffee export policy.

It was commenting on market rumours that the IBC may open September green coffee registrations and reduce the cut-off level for the price fall guarantee to 115 cents from 120 cents per pound.

If the IBC did happen to take any measures, it would not be those the trade is suggesting, the institute said, but declined further details.

Traders said IBC president Octavio Rainho, had a meeting with industry minister Camillo Penna and general secretary at the finance ministry Carlos Viacava.

Reuter

Turkey producer plans expansion

By Our Own Correspondent

UP TO 500 new jobs are to be created by East Anglian turkey producer, Bernard Matthews, whose firm was hit by a lengthy strike earlier this year.

The company yesterday revealed plans to double the processing capacity of a factory at Halesworth in Suffolk.

A new factory will be built next to the existing building, which employs more than 500 people already. The scheme is designed to allow the plant to handle the bulk of the firm's future operations with increased capacity to deal with new products.

Fall in wheat crop forecast

BY OUR COMMODITIES STAFF

THE INTERNATIONAL Wheat Council now expects world wheat production this year to be lower than in 1981. In its latest market report, published yesterday, it reduced its 1982 output forecast to 457m tonnes from the 460-465m tonnes range indicated a month ago. This took the figure below estimated 1981 output of 458m tonnes.

The reduction follows deterioration of crop prospects in some important producing countries, notably the Soviet Union and Australia. Adverse weather has caused planting delays for Soviet spring planted crops and has hit prospects for winter wheat. The problem in Australia has been drought, which has cut the crop projection by 2.5m tonnes to 14m.

The Soviet setbacks were also reflected in an increase in the country's estimated import requirement. The IWC put this at 19m tonnes, up from 17m estimated in its June report. As a result projected total world trade in wheat and wheat flour was raised by 2m tonnes to 100m tonnes.

Carryover stocks at the end of 1982-83 crop years for the five major exporters—Argentina, Australia, Canada, the EEC and the U.S.—were expected to amount to 59.4m tonnes, a cut of 1.2m from the previous estimate.

In Moscow Pravda said Soviet farmers harvested 8m hectares of grain last week, bringing the amount harvested by July 19 to 11.1m hectares, reports Reuter.

That was well behind the 22.7m hectares harvested by the same date last year, suggesting that work was still being hampered by bad weather in southern, European parts of the country, where harvesting should be well under way.

Anxiety over meat co-op rescue bid

BY A CORRESPONDENT

SOME of the troubled North Devon Meat's chain store customers including Marks and Spencer are paying for supplies quicker than usual to help the bid to keep the co-operative afloat.

This highlights the enormous goodwill towards the rescue of the meat co-operative, and the serious concern if it should fail.

Head of another West Country farmers' co-op said this week: "Collapse of North Devon Meat would set back the co-operative movement by 50 years."

Nevertheless serious doubts surround the chances of the company's survival. Farming and peripheral interests in the region are already privately discussing the setting up of another consortium to prevent the large modern North Devon facilities at Torrington falling into the hands of a big multi-national company.

The value of the plant as a non-going concern is officially put at between £1m and £2m, but replacement cost is put at over £9m. It is understood that the company's total debts are now put at over £11m.

The deadline for the company's survival bid is August 9. This is when Lloyds Bank's second 3-week overdraft extension runs out.

By then the independent trustees of the shareholder rescue fund will have to decide whether or not to hand the money over to the company. A minimum of £1.5m has been set and one of the Trustees, Mr John Quicke, is in no doubt that the money will be raised, even if most of it is in the form of moneys owed to farmers which they choose to convert into trust contributions.

India may sell more sugar

NEW DELHI — India's State Trade Corporation (STC) is trying to sell more white sugar on the world market to ease domestic storage problems resulting from a production surplus, traders said, reports Reuter.

"The sales this month can be substantial and may well be up to 100,000 tonnes," traders added. The STC sold over 400,000 tonnes of white sugar up to last month out of an export quota of 650,000 tonnes approved by the International Sugar Organisation for 1982, according to an STC official.

But he declined to say anything on current sales as reported by the traders.

India's sugar production in the 1981-82 season ending September is officially estimated at a record 8.4m tonnes against last year's 5.57m.

The Indian Sugar Mills Association (ISMA) and the National Federation of Co-operative Sugar Factories have urged the Government to stockpile at least 1m tonnes of sugar in the current season.

Our Commodities Staff writes: Rumours of further Indian sales, and the decline in gold, brought an easier trend on the London terminal sugar market yesterday. The London daily price for raw sugar was cut by £4 to £109 a tonne, and the October position on the futures market closed £3.40 lower at £114.80 a tonne. However a recovery, encouraged by the rally in gold, helped to reduce earlier losses.

Bomb scare halts trading

A BOMB scare at Plantation House, in the City of London, brought trading to a halt on the London Metal Exchange at lunchtime yesterday for the second time this week. Trading resumed in the afternoon after being suspended over the lunch-time period. Prices on the base metal markets were generally easier in line with the decline in gold. But they rallied in late trading following the recovery in gold.

Why Japan opposes whale ban

BY A CORRESPONDENT IN TOKYO

REPORTS in the West of growing movement in Japan to oppose whale-hunting find little confirmation here. So far, such protest has been confined to a tiny body of Japanese animal lovers, and the vast majority of Japanese view with disbelief and annoyance the attempts of other nations to "interfere" with a traditional Japanese industry and eating habit.

"It's all very well for America to condemn killing whales, but we need it for food," is one common reaction among Japanese to the present IWC controversy.

Whaling has been going on in Japan for 1,000 years for meat-consumption, and Japanese think of the whale not as a mammal but as a fish. "The tradition is also closely related to Japanese culture, especially in festivals in the country areas," he said Mr Hisao Iwasaki of the long-distance fisheries division of the agriculture, forestry and fisheries ministry.

If a ban on all whaling were implemented, Japan would lose Y12bn (£27.18m) a year on primary whale products, and Mr Iwasaki estimates Y36m a year for secondary products such as oil extracts, fertilisers, hormone pills, cosmetics, etc.

The effect on unemployment, however, would not be great. The Japan Whaling Association says that a total ban would jeopardise 14,500 jobs in Japan's whaling industry: 1,300 on the whaling boats, 1,650 in the primary sector and wholesaling, 7,500 in the retail trade for whalemeat, including restaurants, 3,000 in processing and another 1,050 in freezing.

Other economic arguments offered by the Japanese in defence also need to be treated with caution; for instance that whalemeat supplies "a very significant" amount of the Japanese diet. The 5,243 whales that were caught by Japan between 1980-81 provided, according to Mr Iwasaki, "less than 10 per cent of the seafood consumed in Japan."

As a result of IWC quotas and restrictions, the supply of whalemeat has decreased by about 20 per cent in the last 20 years in Japan, while demand has remained relatively stable, pushing up the price.

Japanese increasingly resent the attempt by foreign countries represented at the IWC to impose their own "standards" on Japan, and the resentment is felt most keenly in the industry and government. "The change in international attitudes to whaling has taken place only in the past ten or 16 years," Mr Iwasaki explained. "Before that the U.S. used to be a big whaling country. But the argument (that whales are intelligent) was never really expressed when the U.S. was heavily engaged in whaling for oil. In terms of international relations, it's very unfair to push your values on other nations. Islamic people do not eat pork, but they do not try and impose their standards on others."

The Japanese Government holds that the IWC was founded for the "preservation and rational use of whales." Ethical arguments about whale killing have no place in the IWC forum, and a total ban on whale killing "would go against the premise on which IWC was founded." Mr Iwasaki concluded that if the ban went ahead it would mean the "self-destruction of the IWC for going against its own treaty."

Feelings are running high among ordinary Japanese. One Tokyoite demanded: "Why is it the business of America or other countries what we eat?"

FARMER'S VIEWPOINT

Testing time for cereal growers

I HARVESTED my first field of winter barley this week, five or six days earlier than normal. It was not the best of crops—having suffered the depredations of deer and rabbits. But with a yield of just under two tonnes an acre, it is about average, certainly better than last year's. I have a rather better looking crop in a few days. However, only the weighing machine, which I have installed in my drier, will tell me if the outturn meets expectations.

I installed the weighing machine in contradiction of my philosophy that it is better to travel hopefully than to arrive. In point of fact while growing the crop had looked better than two tonnes an acre, and the bushel weight of the grain is very good indeed. But the early summer drought broke too late to prevent it maturing early, and the overall yield has suffered. While spring barley has relished the moisture, and looks very promising indeed, whether it will produce record yields is far from certain. My guess is that it won't. Heavy crops tend to be beaten down by rain and despite the downpours of late June there have been few instances of this.

Wheat has all along looked to be the crop of the year, with some of the best ears I have seen for many a long day. But doubts are creeping in now. On my own farm, a dwarf variety, Avalon, which showed immense promise a few weeks ago is now exhibiting signs of stress. The heads are dying off very fast, with a discolouration which could mean infections by several diseases.

I have spent quite a bit of time rubbing out the grains from the ears, to see if they are shrivelling, instead of ripening into well-filled plump berries. So far they do not look too bad.

In any case at this stage of growth there is nothing to be done, even if the cause of the discolouration can be identified. This is the first time I have grown Avalon, which is allegedly the best high protein wheat on the market, and has been sown on a very large area. It is a real dwarf variety, no more than knee high, but this is a mixed blessing.

Because of the heavy midsummer rains there has been a sharp regrowth of weeds previously suppressed by chemicals. When they occur in the taller wheats, the weeds are stifled. But they are beginning to spoil the look of the Avalon. The best-looking wheats I have seen are the old favourites, Maris Huntsman and Armada, which, according to the pundits, were beginning to be outclassed. They are standing tall and disease free for the moment anyway.

Should the Avalon fail, or even be thought to have failed—for there is nothing like farmers' gossip to kill a wheat's reputation—the seedsmen who are believed to have had sufficient seed under contract to sow a third of Britain's wheat acreage, could be left holding an expensive baby.

Farmers are not the only ones anxiously awaiting harvest. The cereal management committee of the EEC Commission is faced with the disposal of between 5m and 6m tonnes of surplus British cereals.

At the moment the export market is quite active for wheat, including a sale to China having been achieved for the first time. By using export rebates EEC wheat is made competitive on world markets, but the cost per tonne of doing this is already higher than it was last year, reflecting the weakening of international grain prices.

There is still a demand for UK malting barley within the Community. However the bulk of barley available for export will be of feed quality. To dispose of this will take a very long pursue.

I can see the intake pits of the intervention stores being very busy over the next few months, and the cost of the cereals section of the EEC budget increasing, unless there is some disaster to knock the harvest for six.

JOHN CHERRINGTON

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.50-31.80	+0.1
Iranian Light	30.50-31.00	+0.25
Arab Heavy	29.50-29.75	+1.50
North Sea (Forties)	32.90-33.05	—0.05
African (Bonny Lt)	34.00	+0.15
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	339-345	—
Gas oil	274-282	+2.50
Heavy fuel oil	161-163	—1.5

GAS OIL FUTURES

The market opened weaker following the New York close but rallied immediately after and continued to strengthen encouraged by steady physicals, reports Premier Man.

Month	Yest'day's close	+ or	Business Done
	$ U.S. per tonne		
July	278.50	[illegible]	[illegible]
August	284.25	+3.25	[illegible]
Sept	282.00	[illegible]	[illegible]
Oct	284.25	[illegible]	[illegible]
Nov	285.00	[illegible]	[illegible]
Dec	286.25	[illegible]	[illegible]
Jan	286.00	[illegible]	[illegible]
Feb	287.00	[illegible]	[illegible]
March	287.00	[illegible]	[illegible]

Turnover: 3,071 (4,683) lots of 100 tonnes.

GOLD MARKETS

Gold fell $13½ to $352-353 in the London bullion market yesterday. It opened at $355¾-356¾, and was fixed at $358.25 in the morning, and $353.00 in the afternoon. The metal touched a peak of $359¼-359¾, and a low of $351-351½.

In Paris the 12½-kilo bar was fixed at FFr 77,000 per kilo ($353.23 per ounce) in the afternoon compared with FFr 77,000 ($353.23) in the morning and FFr 79,200 ($362.63) on Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 28,160 per kilo ($359.78 per ounce) against DM 28,510 ($362.97) previously and closed at $352½-353½ from $366-367.

In Zurich gold finished at $352-355 against $365-368.

LONDON FUTURES

Month	Yest'rday's close	+ or	Business Done
	$ per troy ounce		
August	204.50-5.50	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
October	207.90-9.00	[illegible]	[illegible]
November	209.60-11.0	[illegible]	[illegible]
December	211.50-3.00	[illegible]	[illegible]
January	213.10-5.00	[illegible]	[illegible]

Turnover: 515 (1,330) lots of 100 troy ounces.

	July 22		July 21	
Gold Bullion (fine ounce)				
Close	$352-353	(£201¾-202¼)	$365½-366½	(£209½-210)
Opening	$355¾-356¾	(£203¾-204¼)	$356¼-357½	(£207-207½)
Morning fixing	$358.25	(£205.078)	$361.50	(£207.808)
Afternoon fixing	$353	(£202.061)	$366.50	(£209.848)

Gold Coins July 21					
Krugrnd	$365½-366¼	(£209½-210)	King Sov	$90-92	(£51½-52)
½ Krug	$188½-189½	(£108-108½)	Victoria Sov	$90-92	(£51½-52)
¼ Krug	$96-97	(£55-55½)	French 20s	$78-80½	(£44¾-45¼)
1/10 Krug	$39¼-40¼	(£22½-23)	50 pesos Mex.	$434½-438	(£249-251)
Mapleleaf	$365½-366½	(£209½-210)	100 Cor. Aust	$347¼-349¾	(£199-200½)
New Sov	$84½-85	(£48½-48¾)	$20 Eagles	$395-405	(£226¼-232)

BRITISH COMMODITY MARKET

BASE METALS

COPPER VALUES lost ground on the London Metal Exchange, forward metal dipping to £858 on weak precious metals, and marginal rises in U.S. interest rates. The late rally in gold encouraged short covering which left three months copper at £866.5 on the late Kerb. Lead and Zinc closed at £330 and £419.75 respectively while Aluminium was finally £574.5 and Nickel £2,917.5. Covering against physical business lifted Tin to £6,500 by the close.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
High Grade				
Cash	864.5	+1.25	864.5-5.5	—7.75
3 months	881.5-2.5	+.75	882.5-.3	—9
Settlem't	865	+1.5	—	......
Cathodes				
Cash	843-4	—.75	841-3	—11
3 months	863-4	—	861-3	—12
Settlem't	844	—.5	—	......
U.S. Prod.	—	......	*70-75	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £864.50, 64.00, 63.50, three months £880.00, 81.00, 82.00, 82.50, 83.00, 82.50, 82.00. Cathodes, cash £842.00, three months £863.00. Kerb: Higher Grade, three months £882.00, 83.00, 82.50, 82.00, 81.50, 82.00, 82.50. Afternoon: Higher Grade, three months £866.00, 69.00, 90.00, 89.50, 89.00, 88.00, 87.50, 87.00, 86.00, 87.00, 86.00. Turnover: 27,300 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
High Grade				
Cash	6315-25	—22.5	6350-5	+95
3 months	6460-80	—10	6510-30	+85
Settlem't	6325	—20	—	......
Standard				
Cash	6315-25	—22.5	6350-5	+95
3 months	6460-70	—10	6500-5	+102
Settlem't	6325	—20	—	......
Straits E.	$29.15	......	—	......
NewYork	—	......		

Tin—Morning: Standard, cash £6,320, 10, 20, three months £6,470, 60. Afternoon: Standard, cash £6,355, 60, three months £6,490, 90, 6,500. High Grade, three months £6,490, 6,500, 10. Kerb: Standard, three months £6,520. Turnover: 1,900 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	315-.5	—12.5	315-6	—11.2
3 months	326-.5	—12	328-.5	—11.2
Settlem't	315.5	—12.5	—	......
U.S. Spot	—	......	*28-8	......

Lead—Morning: Cash £313.00, 14.00, three months £327.00, 26.00, 27.00, 26.50, 27.00, 28.00, 25.00, 25.50, 26.00, 26.50. Afternoon: Three months £326.00, 27.00, 28.00, 28.50. Kerb: Three months £330.00, 29.00. Turnover: 7,525 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	409.5-10.5	—13.7	410.5-1.5	—11.5
3 months	417-.5	—12	417.5-8	—11.5
S'ment	410.5	—13.5	—	......
Primw'ts	—	......	37-40.5	......

Zinc—Morning: Three months £419.00, 19.50, 19.00, 18.50, 18.00, 17.00, 16.50, 17.50, 17.00. Afternoon: Three months £417.00, 17.50, 18.00, 17.75. Kerb: Three months £419.00, 18.00, 17.50, 18.00, 19.00, 19.50, 20.00, 19.50. Turnover: 10,500 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	552.5-3	—7.25	555-6	—4.25
3 months	573-.5	—7	575-.5	—3.25

Aluminium—Morning: Cash £552.50, 53.00, three months £572.00, 73.00, 73.50. Afternoon: Three months £574.00, 75.00, 76.00, 76.50. Kerb: Three months £577.50, 77.00, 76.00, 75.00, 74.00, 73.50, 74.00, 75.00. Turnover: 10,600 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2880-90	—50	2880-90	—60
3 months	2900-9	—58	2910-5	—49.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Cash £2,885, three months £2,920, 10, 05, 2,900, 05, 10, 09. Afternoon: Three months £2,915, 10, 15. Kerb: Three months £2,917. Turnover: 1,080 tonnes.

SILVER

Silver was fixed 5.55p an ounce lower for spot delivery in the London bullion market yesterday at 398.8p. U.S. cent equivalents of the fixing levels were: spot 686.5c, down 8.3c; three-month 718.1c, down 8.9c; six-month 738.6c, down 8.8c; and 12-month 780.8c, down 8.9c. The metal opened at 392-398p (685-690c) and closed at 395-398p (689-693c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	398.80p	—5.55	399.25p	—5.25
3 months	409.40p	—5.75	411.25p	—5.5
6 months	419.95p	—5.65	—	
12 months	438.70p	—5.80	—	

LME—Turnover: 30 (183) lots of 10,000 ozs. Morning: cash 395.5, 95.0; three months 405.0, 05.0. Afternoon: three months 410.0, 11.0. Kerb: three months 411.0, 09.5, 10.0, 09.0, 08.5, 08.0.

COCOA

Prices drifted quietly in a very narrow range finishing slightly lower. Physicals were neglected, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	855-57	+1.5	858-50
Sept	906-07	—4.0	909-00
Dec	937-38	—5.0	933-26
March	961-62	—5.0	957-53
May	981-82	—9.0	[illegible]
July	1002-04	—5.0	1001-04
Sept	1022-28	—4.5	1027

Sales: 1,054 (1,950) lots of 10 tonnes.

ICCO—Daily price for July 22: 70.26 (70.89). Indicator price for July 23: 69.72 (69.96).

COFFEE

In a narrow trading range commission house selling was unable to breach underlying trade support and values held steady in moderate volume, reports Drexel Burnham Lambert.

COFFEE	Yest'day's Close	+ or —	Business Done
July	1250-58	+6.5	1258-20
Sept.	1108-09	—11.0	1115-00
Nov.	1009-10	—19.0	1017-07
January	978-79	—19.0	1001-96
March	959-61	—14.0	965-58
May	940-45	—11.0	943-40
July	935-37	—4.0	941-35

Sales: 2,472 (1,066) lots of 5 tonnes.

ICO Indicator prices for July 21: (U.S. cents per pound): Comp. daily 1979 115.01 (116.00): 15-day average 116.97 (117.34).

GRAINS

The market opened little changed. Buying interest from shipper and commercial sources took off in barley. Wheat continued firm with good all round buying, Acli reports.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Sept.	109.85	+0.20	104.90	+0.40
Nov.	113.40	+0.15	108.90	+0.55
Jan.	117.05	+0.15	112.30	+0.45
Mar.	120.30	+0.20	115.30	+0.25
May	123.70	+0.20	118.45	+0.20

Business done—Wheat: Sept 109.80-109.75, Nov 113.40-113.35, Jan 117.05-117.00, March 120.35-120.25, May 123.75-123.65. Sales: 85 lots of 100 tonnes. Barley: Sept 104.90-104.55, Nov 108.90-108.56, Jan 112.10 only, March no trades, May no trades. Sales: 113 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 98.20, S. West 98.00, W. Mids 97.80, N. West 98.00. The UK Monetary Coefficient for the week beginning Monday July 29 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Aug 113.75, Sept 112.75, Oct 114.25 transhipment East Coast sellers. English Feed fob Sept 112.75 Bristol Channel Oct 115.25 East Coast, Nov 117.50 East Coast sellers. Maize: French Aug 137.00 transhipment East Coast seller. South African White/Yellow Aug/Sept 89.00 seller. Barley: English Feed fob July 22/Aug 15 104.00 paid Guinness, July 22/Aug 10 104.25 paid Portsmouth, Aug 104.50 paid Guinness. Rest unquoted.

RUBBER

The London physical market opened slightly lower, was quietly steady throughout the day, Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of — (197.25) cents a kg and SMR 20 — (172.0).

No. 1 R.S.S.	Yest'rdy's close	Previous close	Business Done
Aug	50.00-51.50	50.00-51.00	—
Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apl-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apl-Jne	[illegible]	[illegible]	[illegible]

Sales: 136 (264) lots of 15 tonnes. nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.25p (same); Aug 51.00p (51.25p); Sept 51.25p (51.50p).

SOYABEAN MEAL

The market opened slightly easier in thin conditions, reports T. G. Roddick. Prices remained on the defensive as the market traded at contract lows.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
August	124.00-24.5	—0.40	—
October	127.00-27.5	—0.30	127.00
December	131.00-31.5	—0.30	131.40-31.00
Feb	134.00-34.5	—0.20	[illegible]
April	134.00-36.0	[illegible]	—
June	137.00-37.5	[illegible]	—
August	137.00-39.5	[illegible]	—

Sales: 38 (137) lots of 100 tonnes.

SOYABEAN OIL—The market opened $1.00 down in mixed trading and remained featureless. Closing prices and business done (U.S. $ per tonne): Aug 488.50, 491.00, 490.00-488.00; Oct 484.50, 485.50, 484.50; Dec 483.00, 484.00; Feb 485.00, 488.00; April 487.00, 488.00, untraded; June 495.00, 501.00, untraded; Aug 500.00, 510.00, untraded. Sales: 71 (35) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £109.00 (£113.00) a tonne cif July-Aug-Sept shipment. White sugar daily price £129.00 (£138.00).

Prices drifted in quiet conditions but most of the losses were recovered following higher New York No. 11 quotations, reports C. Czarnikow.

No.4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	109.00-09.25	111.00-11.75	112.00-08.50
Oct	114.75-14.85	118.00-18.40	119.00-13.75
Jan	117.00-23.00	124.00-25.00	—
March	129.00-29.05	131.00-31.50	131.75-28.40
May	130.70-30.75	133.50-33.75	134.25-29.50
Aug	134.00-34.75	137.00-37.75	134.00-33.25
Oct	138.00-40.00	141.00-41.75	—

Sales: 3,662 (4,800) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £215.00 (£219.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 21: Daily price 7.57 (7.75): 15-day average 8.06 (8.04).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. *Aug 364, 373, nil; Oct 385, 386, 386;* Dec 398, 400, 398; Jan 399, 403, 399; Mar 412, 415, 412; May 420, 425, 422; Aug 434, 438, 435-434; Oct 435, 439, nil; Dec 435, 440, nil; Jan 440, 443, nil. Sales: 17.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 571.5, 573.0, 573.0-570.0; Oct 518.5, 519.5, 519.9-519.0; Dec 522.5, 523.0, 523.0-521.0; Mar 530.5, 531.5, 532.0; May 534.5, 535.5, 536.0; July 543.5, 545.0, untraded; Oct 537.0, 539.0, untraded; Dec 540.5, 541.0, untraded. Sales: 82.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 20 tonnes. Another quiet trading session resulted in only minor transactions. Demand was fairly well maintained, chiefly in North American and African growths, with a restricted offtake in specialist qualities.

POTATOES

LONDON POTATO FUTURES—Blight scares in the press caused prices to rise by up to £2.00 but pressure from lower earlies prices and easing-back of Dutch futures erased the gains, reports Caley and Harper. Closing prices: Nov 54.80, —1.00 (high 57.60, low 54.70); Feb 60.90, —0.90 (high 62.80, low 60.90); April 70.20, —0.30 (high 72.50, low 70.20); May 80.30, —0.20 (high 82.10, low 80.20); Nov 63.80, +0.20, untraded. Turnover: 180 (140) lots of 40 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 22 1982	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$970/1000	+25	$920/950
Copper			
Cash h grade	£864.75	—7.75	£743
3 mths	£882.75	—9	£765.25
Cash Cathode	£842.5	—11	£734
3 mths	£862	—12	£758
Gold troy oz	$352.5	—13.5	$307.5
Lead Cash	£315.5	—11.25	£304
3 mths	£328.5	—11.25	£314.75
Nickel	£4080		£3922
Free mkt	235/265c	+7	240/270c
Platin'm tr'y oz	£260		£260
Free mkt	£173.15	—3.6	£153.35
Quicksilver†	$395/400		$365/375
Silver troy oz	398.80p	—5.55	305.65p
3 mths	409.40p	—5.75	315.95p
Tin Cash	£6330	+92.5	£6455
3 mths	£6502.5	+102	£6565
Tungsten22.0lb	$111.16		$110.92
Wolfrm 22.04lbs	$107/112		$116/116
Zinc Cash	£411	—11.5	£400
3 mths	£417.75	—11.5	£401.25
Producers	$800		$800
Oils			
Coconut (Phil)	$465x	+10	$505
Groundnut	‡		‡
Linseed Crude	‡		‡
Palm Malayan	$402.5w	+7.5	$475
Seeds			
Copra Ph lip	$310		$336
Soyabean (U.S.)	$258		$261.5
Grains			
Barley Fut. Nov	£108.90	+0.55	£104.50
Maize	£137w		£143.50
Wheat Fut. Nov	£113.40	+0.15	£108.10
No.2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£920	—4	£938
Future Sept	£884.5	—4	£907.5
Coffee Ft' Sept	£1108.5	—11	£1,146
Cotton A.Index	79.10c	+0.3	75.85c
Gas Oil Aug	$284.256	+3.25	$278.75
Rubber (kilo)	49.25p	+0.75	47p
Sugar (Raw)	£109vy	—4	£102
Woolt'ps 64s kl.	383p kilo	—4	398pkilo

‡ Unquoted. x Aug-Sept. v July-Aug. w Aug. y Sept. † Per 16 lb flask. * Ghana cocoa. n Nominal.

INDICES

FINANCIAL TIMES

July 21	July 20	M'th ago	Y'ar ago
234.66	233.05	228.39	271.42

(Base: July 1 1952 = 100)

REUTERS

July 22	July 21	M'th ago	Y'ar ago
1568.5	1564.2	1518.6	1710.8

(Base: September 18 1931 = 100)

MOODY'S

July 21	July 20	M'th ago	Y'ar ago
1016.0	1002.2	981.2	1069.2

(December 31 1931 = 100)

DOW JONES

Dow Jones	July 21	July 20	Month ago	Year ago
Spot	126.73	126.05	130.90	—
Futr's	127.75	128.29	120.64	—

(Base: December 31 1974 = 100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.5 to 83.3; Ulster hindquarters 82.0 to 94.3, forequarters 60.0 to 61.3. Veal: Dutch hinds and ends 119.0 to 123.5. Lamb: English small 56.7 to 64.7, medium 57.0 to 62.0, heavy 54.0 to 58.0; Scotch heavy 52.0 to 56.0. Imported: New Zealand PL 60.5 to 61.5, PM 59.0 to 59.0, PX 60.0 to 61.0, YL 58.0 to 59.0. Pork: English, under 100 lb 34.5 to 53.5, 100-120 lb 43.0 to 52.0, 120-160 lb 39.0 to 49.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 100.96p per kg lw (—0.27). GB—Sheep 136.75p per kg est dcw (+8.37). GB—Pigs 71.02p per kg lw (+0.80).

AMERICAN MARKETS

NEW YORK, July 22.

Heating oil was higher on increased fighting in Lebanon. Sugar came under pressure from technical selling and commission house long liquidation based on bearish fundamentals. Grains and soyabeans were lower on indications of optimum crop conditions and development. Precious metals rallied on a decline in interest rates and a recovery in foreign currencies. Copper was moderately lower on trade selling, reported Heinold.

[illegible]

Wednesday's closing prices

NEW YORK, July 21.

[illegible]

72.60.

†Soyabeans—Aug 618½-618 (621¼), Sept 616-616½ (619), Nov 621-620, Jan 636½, March 655, May 669, July 680½, Aug 684½, Sept 684-685.

||Soyabean Meal—Aug 179.3-179.4 (180.3), Sept 179.3 (180.5), Oct 179.3, Dec 183.6-183.8, Jan 186.2, March 190.0-190.5, May 194.5, July [illegible] 131.80-132.00, Nov 132.80-133.00. Sales: 400.

*Platinum—July 294.9 (297.0). Oct 302.0-304.5 (305.0). Jan 310.5-311.5. April 318.4, July 325.7.

CHICAGO, July 21

Chicago Imm Gold—Sept 360.3-359.5 (363.2). Dec 371.0 (374.8). March 382.8, June 394.5, Sept 406.4.

EUROPEAN MARKETS

ROTTERDAM, July 22.

Wheat—(U.S. $ per tonne): U.S. No Two Red Winter July 146, Aug 148. *U.S. No Three Amber Durum* Aug 173, Sept 176, Oct 180, Nov 183, Dec 187.50. U.S. No Two Northern Spring 14 per cent Aug 180, Sept 179, Oct 182.50, Nov 185, Dec 187.50.

Maize—(*U.S. $ per tonne*): *U.S. No* Three Yellow Spot 128, afloat 126, July 124.75, Aug 123.50, Sept 122, Oct/Dec 118.50, Jan/Mar 127 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Aug 249.95, Sept 249.95, Oct 244.20, Nov 244.50, Dec 249, Jan 255, Feb 259.50, Mar 263 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 207, Aug 211 traded: afloat 207, July 209, Aug 211, Sept 215.50, *Oct 217, Nov/Mar 225 sellers.* Pellets Brazil afloat 218, July 217, Aug 220, Sept 223, 228, Nov/Mar 244 sellers.

PARIS, July 22

Cocoa—(FFr per 100 kils): July 999 asked, Sept 1040-1042, Dec 1090-1099, March 1135-1147, May 1174-1185, July 1206-1212, Sept 1241-1252. Sales at call: Nil.

Sugar—(FFr per tonne): Oct 1480-1485, Nov 1475-1485, Dec 1480-1490, March 1580-1584, May 1625-1630, July 1650-1670, Aug 1680-1695, Oct 1700-1730. Sales at call: 16.

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: shelf cod *£5.00-£6.00, codlings £3.60-£4.80; large* haddock £3.60-£4.80, medium £3.20-£4.00, small £1.80-£2.20: large plaice £4.00-£5.00, medium £3.40-£5.00, best small £2.80-£4.30; skinned dogfish *(large)* £9.00-£10.00, *(medium)* £6.00-£6.50; lemon soles (large) £6.30, (medium) £6.00; rockfish £1.30-£1.60; reds £1.40-£2.20; saithe £1.20-£2.00.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navel/Lates 40 5.70, 48 6.30, 56 7.20, 72 7.20, 88 6.45, 112 6.05, 138 5.85, 160 5.25; Brazilian: 88/100 7.50; Jaffa: 88/105/123 7.50-7.60. Lemons—Spania: Trays 5-kg 25/50 1.40-2.00; Outspan: 15½-kg 80/180 5.00-6.50. Grapefruit—Jaffa: 20-kg 27 4.25, 32 4.45, 36 4.65, 40 4.90, 48 5.40, 56 5.35, 64 5.15, 75 4.95, 88 4.00; S. African: 27 4.70, 32 5.55, 36 5.70, 40 5.65, 48 5.40, 56 5.35, 64 4.90, 72 4.35—Ruby same as White. Apples—French: Golden Delicious 18-kg 8.00-9.50; Tasmanian: Jonathan 10.00, Granny Smith 9.00-10.00, Sturmer Pippins 10.50-11.00; Australian: Granny Smith 9.50-11.00, Democrats 9.00-10.00; New Zealand: Granny Smith 10.00-11.00, Sturmers 11.00-11.50, Red Dougherty 11.50-12.50, Braeburn 12.00-12.50; S. African: Granny Smith 8.00-10.50, Golden Delicious 10.00-11.00, York Imperials 6.00-10.50; U.S.: 18-kg Red Delicious 9.00-13.00. Pears—Spanish: Per pound Moratini 0.15, Limonera 0.15-0.20; French: Dr. Guyot 28-lb loose 3.50, tray packs per pound 0.18-0.20. Peaches—Italian: Large trays 2.00-4.80; French: A/AAA 3.00-4.50. Plums—Italian: Florencia per pound 0.20; Spanish: 11-lb Santa Rosa per pound 0.20-0.40, Burbank 0.15-0.25, Gaviota 0.30-0.50. Grapes—Israeli: Thompson 5.80; Cyprus: 11-lb Cardinal 4.40, Sultana 6.00, Perlette 6.00, Thompson 6.50. *Cherries—Italian: Per pound 0.40; U.S.:* 0.75-0.80. Strawberries—U.S.: 1.30-1.50. Gages—French: 5-kg 4.00-4.50.

English Produce: Potatoes—Per lb new 0.03½-0.04. Mushrooms—Per lb, open 0.30-0.50, closed 0.50-0.80. Lettuce—Per 12, round 0.50-1.40, Webb's 1.00-2.00, Cos 1.20-2.00. Onions—Per 56 lb 40/80mm 2.40-3.00. Spring Onions—Per bunch 0.07-0.80. Primo Cabbage—Per 25 lb 1.00-1.50. Carrots—Per 26-28 lb 0.80-1.60, per bunch 0.10. Courgettes—Per 12 lb 1.00-1.20. Cucumbers—Per package 1.20-2.00. Tomatoes—Per 12 lb box D/E 1.40-1.60. Cauliflowers—Per 12 Lincoln 2.50-3.50. Celery—Per 12/30 2.00-3.00, Winter crop 3.60-4.20. Broad Beans—Per lb 0.05-0.08. Stick beans—Per lb 0.25-0.35. Ground Beans—Per lb 0.10-0.20. *Marrows*—Each 0.05. Sugar Peas—Per lb 0.90-1.00. Peas—Per lb 0.12½-0.16. Turnips—Per 28 lb 2.00. Swedes—Per 28 lb 2.00. Apples—Per lb, Bramley 0.30-0.38, Grenadiers 0.20-0.25, Howgate 0.20-0.30. Strawberries—Per 8 oz 0.60-0.80. Raspberries—Per 4 oz pack 0.30-0.40. Gooseberries—Per lb 0.15, Levellers 0.20-0.45. Blackberries—Per 8 oz 0.20-0.30. Blueberries—Per 8 oz 1.00. Cherries—Per lb 0.25-0.55. Red Currants—Per 8 oz 0.10-0.20. Black Currants—Per 8 oz 0.10-0.20. Plums—Per lb Laxton 0.15-0.20, Early River 0.15-0.16.

Easier early Wall Street tone

WEDNESDAY'S LATE downturn on Wall Street was followed by an easier performance yesterday morning in reduced but fairly active trading. Depressing the market were a string of poor corporate earnings reports and a weakening Bond market.

The Dow Jones Industrial Average, which ended a net 1.24 down the previous day after a fresh early rise of seven points, was 2.85 easier at 829.34 at 1 pm yesterday. The NYSE All Common Index receded 19 cents to $63.71, while declines outscored advances by a seven-to-five ratio. Trading volume contracted to 36.99m shares from Wednesday's heavy 1 pm figure of 52.91m.

Analysts said investors were also nervous about the resumption of fighting in Lebanon.

Oil stocks mostly weakened in reaction to lower earnings reported yesterday morning by Exxon and Standard Oil Ohio. Both those stocks gained ⅛, however, with Exxon, one of the most active issues, up to $26⅝ and Sohio to $29.

Energy stocks with declines included Mobil, off ⅛ to $22, Superior ⅜ to $27⅜, Texaco ⅛ to $27⅞, and Standard California, ⅝ to $26⅞.

Brokerage stocks were among the best performers in the market. E. F. Hutton rose 1½ to $29⅝, Paine Webber 1⅞ to $17⅞ and Dun and Bradstreet 1⅛ to $76⅛.

Poor earnings reports knocked down several stocks, including Moore McCormack ⅞ to $15⅛, Ingersoll-Rand $1 to $43⅛ and Cluett-Peabody $1 to $16⅞.

Schlumberger put on ⅜ to $37⅞ in active trading on higher earnings.

Several Blue Chip stocks were active and lower, including IBM, off ⅜ to $67⅛, General Motors, ¾ to $45⅞, and ATT, ⅛ to $53⅛.

THE AMERICAN SE Market Value Index softened 0.51 to 253.52 at 1 pm. Volume 2.83m shares (3.60m).

Closing prices for North America were not available for this edition.

Canada

An easier trend also prevailed on Canadian Markets early yesterday. The Toronto Composite Index declined 6.4 to 1,433.9 at mid-session on a fair volume of 2.17m shares, Oil and Gas 20.3 to 2,415.8 and Golds 25.7 to 1,8277.

Most active B. C. Resources was up 41 cents at C$3.30. The B.C. Government said it was introducing legislation to end the share ownership restrictions on the stock. However, the ban on non-Canadian investors will remain.

Tokyo

Buying interest again centred on speculative issues yesterday, while Blue Chips failed to establish a decided trend.

The impact of a firmer yen and the larger-than-expected rise in second-quarter U.S. Gross National Product was blunted by continuing uncertainty over the longer term yen-dollar trend and direction of the domestic and U.S. economies.

The Nikkei-Dow Jones Average edged up 16.81 to 7,227.37 and the Tokyo SE index 0.32 to 533.70. However, declines slightly outnumbered rises on the First Market after another reasonable turnover of 380m shares (350m).

Sony receded Y50 to Y3,160, Nissan Motor Y9 to Y758, Honda Motor Y10 to Y720 and Canon Y7 to Y715. In contrast, Fuji Photo Film put on Y30 to Y1,420, Olympus Y9 to Y955, Toyota Motor Y5 to Y868, TDK Electronic Y50 to Y4,110 and Toshiba Y4 to Y307.

Trading House Mitsui, which eased Y3 on Wednesday, hardened Y2 to Y311. The company's U.S. unit pleaded guilty to 21 counts of conspiring to circumvent U.S. regulations on steel trade, and agreed to pay $11.2m in fines and penalties. A trader said the market didn't regard the fines as large considering the size of Mitsui's worldwide operations.

Construction companies and Housebuilders were narrowly mixed, but Hasegawa Komuten continued to fall sharply, losing Y24 at Y476 for a two-day drop of Y44 on lower profit forecasts for the current year.

Germany

Bourse prices were inclined to lose some ground in quiet dealings, with investors reluctant to commit new funds because of uncertainty about the future U.S. interest rates trend and lack of fresh positive news on the West German economy. The Commerzbank index receded 3.0 to 682.8.

Veba retreated DM 3 to DM 127 as the expiry date approaches of its take-over bid for Chemie Verwaltung through a share exchange. Verwaltung was down DM 7 at DM 263.

Foreign buying helped a few shares to improve, including Volkswagen, up DM 1.00 at DM 142.50, Dresdner Bank, DM 1.70 higher at DM 135.00, and Kloeckner, DM 1.50 dearer at M 52.50.

Switzerland

Most stocks declined on small turnover, with market uncertainty over interest rates reinforced by slightly firmer Eurodollar and Eurofranc rates. The Swiss Bank Corporation Industrials index slipped 2.4 to 245.1.

Sharp reaction by S wissair stocks to press reports of a SwFr 34m loss on the company's flight operations in the first five months of 1982 also depressed general sentiment.

Swissair Bearer shed SwFr 40 to SwFr 635, while the Registered stock dipped SwFr 15 to SwFr 580.

Paris

French and foreign stock prices were mixed with an easier bias in calm trading in what market analysts said was essentially a technical session.

Traders were squaring their positions in preparation for the new monthly Account, which begins today. There was also some profit-taking on the gains of Wednesday.

Declines led advances by 94 to 69 in the French section and by 39 to 19 among foreign issues.

In mixed Chemicals, Roussel-Uclaf gained FFr 1.50 more to FFr 275, still helped by news of the 10 per cent rise in first-quarter 1982 profits.

Hong Kong

Wall Street's failure overnight to hold an initial fresh rise created more uncertainty on Hong Kong markets yesterday.

Shares mainly ended with small mixed movements awaiting further developments on the interest rates front. The Hang Seng Index slipped 8.22 to 1,299.52, but this mostly reflected a weak showing by Hang Seng Bank shares, which were down HK$3 at HK$82.

Australia

Much of Wednesday's buying enthusiasm waned yesterday, and markets ended on a mixed note.

Key Gold issues mainly rose afresh, with Central Norseman adding 27 cents at A$4.82, Peko-Wallsend 21 cents at A$4.56 and Poseidon 5 cents at A$1.90.

Some leading issues receded on profit-taking, BHP shedding 6 cents to A$7.06 after Wednesday's rise of 22 cents. Minings had CRA off 6 cents at A$3.06 and Western Mining down 5 cents at A$3.10.

Johannesburg

Gold shares, after Wednesday's strong rise, tended to ease with the Bullion price in moderate trading.

Among heavyweights, Randfontein lost 75 cents to R58.50 after advancing R4.75 the previous day. Among Angli American Group producers, President Steyn fell R1.50 to R28.00 ahead of quarterly figures. In Mining Financials, Anglos itself declined 40 cents to R12.00.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand US$0.80½ (Discount of 3%)

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

LONDON STOCK EXCHANGE

Interest rate hopes prompt revived support for Gilts
Glaxo lead mid-session recovery in equity leaders

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 5	July 15	July 16	July 26
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

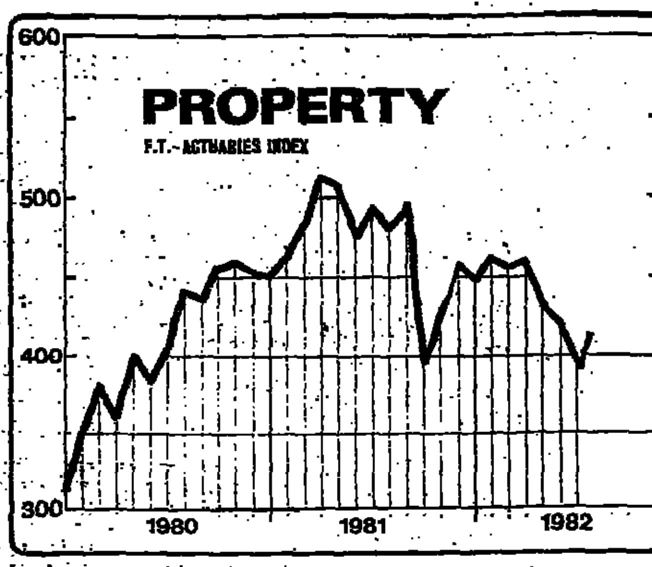
Gilt-edged investors continued to exude confidence about lower interest rates and yesterday committed fresh funds to this area of London stock markets. The fact that the authorities left intervention rates unchanged in UK money markets yesterday failed to temper optimism that domestic clearing banks would shortly reduce their base lending rates again. Nor was sentiment adversely affected by the overnight increase in U.S. short-term rates.

Anticipating a continuation of the loose selling and profit-taking which developed after Wednesday's announcement of new £600m Government funding, Gilt dealers lowered quotations at the opening. The sales were readily absorbed, however, and the tone steadily improved to leave both short- and longer-dated stocks with net gains of around ¼. Exceptional rises of ⅝ and ¾ respectively were posted by Treasury 12 per cent 1987, at 100⅞, and Treasury 9 per cent 1992-96, at 80½.

The CBI's renewed call for immediate Government action to revive the economy made little impression on sentiment. Equity markets began cautiously, mainly because of Wall Street's inability overnight to maintain its strong early tone. Lack of institutional interest made for a lethargic trade in London equities and professional attention soon turned again to Glaxo.

Revived small selling took Glaxo down to 720p, but at that level demand quickly developed on suggestions that the group would repudiate recent criticism of the anti-ulcer drug Zantac; Glaxo rebounded to close 12 higher on balance at 743p, after 748p. The recovery lent support to other leading shares and the FT Industrial Ordinary share index gradually regained the 11.00 am loss of 2.5 to close unchanged on the day at 573.2.

West Kent Water made a quiet debut among recently-issued Fixed Interest stocks, the 8¾ per cent Preference 1987-89 opening and closing at £13¼, in £10-paid form.



Midland dip and rally

Down 22 the previous day on the poor second-quarter figures from its U.S. subsidiary, Crocker National, Midland fell further to touch 320p following adverse comment about its Thomas Cook subsidiary before rallying smartly to close a net 5 up on the day at 335p on the late announcement that the bank is selling 40 per cent of its Samuel Montagu subsidiary to Aetna of the U.S. for £66.1m. Lloyds, which start the interim dividend season today, rallied from 388p to 395p, for an improvement of a few pence. Barclays, however, dipped 6 to 382p and NatWest relinquished a couple of pence to 438p, after 434p. Discount Houses continued firmly.

Stewart Wrightson stood out in Insurances, rising 10 to 277p, after 282p, on speculative buying fuelled by vague suggestions of a bid. Elsewhere, Pearl advanced 12 to 394p as modest demand found stock in short supply. Eagle Star, on the other hand, lost 7 to 355p on profit-taking awaiting a possible further move from Allianz.

Attention in the drinks sector was again centred on cider manufacturers H. P. Bulmer which attracted revived support and closed 15 to the good at 530p. Merrydown Wine, annual results next Monday, held at 125p.

The Building sector took on a mixed appearance. Blue Circle continued to make progress and put on 7 more to 472p, while RMC ended the same amount dearer at 255p and Tarmac firmed 4 more to 304p. Buyers came for Crouch Group, which improved 6 to 80p, but Y. J. Lovell, a rising market of late, fell to 138p following disappointing preliminary figures. Still awaiting further bid developments, Mixconcrete reacted 4 further to 170p; Pioneer Concrete made an unwelcome cash offer of 155p per share for the company last week.

ICI traded quietly at 304p awaiting next Thursday's interim results. Still benefiting from the preliminary figures, Allied Colloids advanced afresh to close at the day's best with a gain of 8 to 263p.

MFI pleases

Business in Stores again left much to be desired. A shade easier at the outset, the leaders attracted sporadic support during the afternoon and most closed with modest gains. Marks and Spencer added 3 at 164p. MFI Furniture announced full-year profits in excess of market estimates together with an increased dividend and rose 3 to 74p, after 75p. Ladies Pride, on the other hand, eased the turn to 41p following halved interim earnings. Electrical retailers took on a firmer stance with Comet Radiovision 4 better at 119p and Dixons Photographic 2 up at 172p; the latter's annual results are due next Thursday.

GEC moved up ⅛ to a 1982 peak of £10⅛ in a subdued Electrical sector. Eurotherm, still drawing strength from last week's good half-year results, advanced 8 more to 463p.

Leading Engineers ended a slow day's trading slightly easier, falls of 2 being marked against GKN, 144p, TI, 102p, and Vickers, 139p. Davy Corporation closed 4 cheaper at 122p; the preliminary figures were in line with expectations, but the accompanying statement failed to inspire the market. Bullough responded to the increased interim dividend and profits with a rise of 7 to 205p, while revived demand in a difficult market left Chemring 17 up at 406p. F. Pratt encountered support ahead of next Thursday's interim results and put on 7 to 62p. Babcock International, up 3 at 109p, reflected news of the sale of the company's construction equipment business to IBH Holdings.

Food Retailers, a rising sector recently, reacted to scattered profit-taking and generally displayed modest falls. Linfood, preliminary results due next Monday, fell to 196p before ending a net 2 cheaper at 198p. Kwik Save, 248p, and William Morrison, 136p, eased 4 apiece, while Tesco shed a penny to 77p. Elsewhere, British Sugar, awaiting further developments concerning the unwelcome offer from S. and W. Berisford, came under late pressure and closed 13 lower at 448p. Berisford, which announced the sale of its UK sugar merchanting and related companies to Napier Brown for £1.76m, eased a couple of pence to 134p. George Bassett, firm of late on fresh bid hopes, gave up a couple of pence at 78p, but Jamesons Chocolates firmed that much to 68p in response to the increased interim earnings.

Among Hotels, Norfolk Capital eased 3 to 22p following the increaed first-half deficit.

Turner & Newall dull

Still unsettled by adverse television publicity about the causes of asbestosis, Turner and Newall cheapened 2 for a two-day drop of 7 to 54p; the company's statement about the television programme came well after Market houurs. Cape Industries, the other major asbestos manufacturer which slumped 12 the previous day, rallied 5 to 85p. Elsewhere in miscellaneous industrials, Boots firmed 3 to 233p on the chairman's encouraging AGM statement but recently firm Unilever retreated 7 on profit-taking to 620p. Reckitt and Colman dipped 6 to 296p, while the chairman's pessimistic remarks at the annual meeting left Metal Box 2 lower at 158p.

A firm market of late on news of a U.S. acquisition, J. Bibby rose 10 further to 285p following demand ahead of the interim figures scheduled for August 4. Pentland, with half-year figures due next Thursday, put on 7 to 173p, while Sothebys rose 8 to 305p on U.S. bid hopes. Brengreen hardened 2½ to 47p following the AGM and Berisfords improved 2 to 89p after the interim figures. Change Wares added 2 more for a rise on the week so far of 7 to 17p on demand in a market short of stock; the Board announced in June that discussions were in progress regarding an important acquisition and related financing proposals. Star Computer lost 10 to 230p following the results, while Thomas Tilling came on offer and fell 6 to 124p.

Movements in Motor sectors were usually against holders. In Components, Lucas, still unsettled by the closure of the diesel engine injector plant in Ipswich, eased 2 more to 151p, while Jonas Woodhead remained friendless and shed a like amount to a 1982 low of 20p. York Trailer touched 20p before reverting to the overnight 19p following the expected return to profits. Distributors closed with modest falls across the board. Harold Perry eased 3 to 92p, while Lex Service gave up 2 to 143p; the latter's interim results have been rescheduled for next Wednesday.

Properties again warmed to the prospect of lower interest rates. Once an early large seller had been accommodated, MEPC rallied from 180p to close a net 2 dearer at 185p. Land Securities hardened the turn to 283p; apologies are extended for the incorrect price and change shown in Chief Price Changes in yesterday's issue. Heathrow development hopes helped Trust Securities to advance 7 to 92p, while comment on the results left British Land 3 better at 84p and the 12 per cent Convertible 2002 7 points higher at £280.

Oils steady

Activity in Oils failed to expand from the recent low levels, but the underlying tone was steady to firm with British Petroleum edging up to close 4 dearer at 270p. Among the Exploration issues, Gaelic fell 10 to 80p.

P. and O. Deferred became a relatively lively market in Shippings, but closed without alteration at 154p.

In Textiles, Illingworth Morris retained the overnight levels of 19p for the Ordinary and 16p for the A following the widely anticipated return to profits and the dividend list. Munton Bros. added a penny to 27½p following the annual results.

Golds lose ground

A marginal rise in U.S. interest rates overnight unsettled the bullion price and led to widespread profit-taking in mining markets.

South African Golds bore the brunt of the profit-taking and opened sharply lower following American selling overnight. Good buying interest developed at the lower levels, however, and prices rallied to close well above the day's lows although losses were still sufficient to leave a fall of 7.3 in the Gold Mines index to 248.2.

Bullion fell back to $352 on the U.S. interest rate rises before steadying to close a net $13.5 down at $352.5, the late rally following reports of increasing tension in the Lebanon.

Among the heavyweights, losses extended to ¾ as in Western Holdings, £14¾, similar falls being seen in Vaal Reefs and Western Deep, £13¾ ahead of the interim dividends.

Southvaal moved against the general trend and edged up ¼ to £15¾ in front of the dividend announcement, as did South African Land, which rose 17 to 200p.

Financials lost ground reflecting the weakness in bullion and golds. *Anglo American Corporation* relinquished 30 to 550p, Johnnies ¾ to £29 and De Beers 6 to 226p.

Among London issues, Charter dropped 10 to 195p owing to lower metal prices and also in belated response to the marked weakness of the 67.3 per cent-owned Cape Industries following the recent focus on the dangers of asbestosis.

Australians were quietly mixed. Golds were featured by Gold Mines of Kalgoorlie, 10 lower at 205p, while the leading metal producers showed CRA 7 off at 178p

Volume in Traded Options declined and 1,795 contracts were done, the lowest total so far this week. Calls traded amounted to 1,541, the lion's share of which were transacted in Lonrho with 648 contracts struck; the popular August 80's and 90's accounted for 172 and 168 trades respectively. *Good support was* also noted for Marks and Spencer *with 221 calls done, and for* Consolidated Gold Fields, with 151. *Puts totalled 254, of which* 51 were recorded in Lonrho *positions.*

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 12	July 23	Oct 14	Oct 25
July 26	Aug 6	Oct 28	Nov 8
Aug 9	Aug 20	Nov 11	Nov 22

For rate indications see end of Share Information Service

Call options were arranged in De Beers Deferred, ICI, Woodside, Stewart Wrightson, Lonrho, BP, George, Sturla and Marsaali's Universal. A put was done in De Beers Deferred, but no doubles were reported.

FINANCIAL TIMES STOCK INDICES

	July 22	July 21	July 20	July 19	July 16	July 15	A year ago
Government Secs.	72.46	72.21	72.36	71.98	71.19	71.04	64.00
Fixed Interest	72.82	72.72	72.57	71.95	71.51	71.38	65.80
Industrial Ord.	573.2	573.2	576.2	569.6	556.7	556.4	518.6
Gold Mines	248.2	255.5	238.2	230.2	225.0	227.9	327.6
Ord. Div. Yield	5.37	5.40	5.39	5.42	5.54	5.51	6.09
Earnings, Yld.% (full)	11.34	11.40	11.39	11.44	11.69	11.54	11.67
P/E Ratio (net) (*)	10.68	10.63	10.64	10.59	10.36	10.52	10.75
Total bargains	15,921	17,405	18,002	15,177	16,845	14,826	19,002
Equity turnover £m.	—	134.56	189.07	124.37	146.25	131.52	188.74
Equity bargains	—	13,580	14,603	12,663	12,947	11,679	14,636

10 am 570.9. 11 am 570.7. Noon 571.6. 1 pm 572.3.
2 pm 572.3. 3 pm 572.7.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.96.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.46 (22/7)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.82 (22/7)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 21	July 20
Daily—		
Gilt Edged Bargains	214.4	241.7
Equities Bargains	88.6	94.6
Value	272.0	382.2
5-day Avrge.—		
Gilt-Edged Bargains	220.9	217.6
Equities Bargains	85.0	81.7
Value	294.2	281.2

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E Ratio
[illegible]	F.P.	—	45	40	Anglo-Nordic 5p	45		[illegible]			
[illegible]	F.P.	—	[illegible]	78	Antofagasta Hldgs£1	80		[illegible]			
[illegible]	F.P.	30/7	17	11	Argyll Foods War'ts	17					
[illegible]	F.P.	—	48	41	Argyle Trust	42					
250	F.P.	23/8	290	260	Assoc. Heat Services	290		[illegible]			
45	F.P.	—	45	42	Atlantis Res. Int.	43					
46	F.P.	30/7	55	50	Bairstow Eves 5p	54		[illegible]			
518	F.P.	30/7	50	52	Densora	52					
130	F.P.	28/8	175	140	Druck Hldgs	175		[illegible]			
—	F.P.	—	108	102	Ecobric New Ord£1	104	+2	[illegible]			
[illegible]	F.P.	—	53	52	Do. Defd	52					
87	F.P. 25/8		98	84	Electro-Prot. US$0.50	92		[illegible]			
60	F.P.	6/8	60	52	Knight Cmptr Intsp.	54		[illegible]			
157	F.P. 30/7		195	160	McCarthy & Stone	187		[illegible]			
105	F.P.	27/7	121	110	Mellins 5p	117		[illegible]			
600	F.P.	23/8	580	565	Oriflame SA (US$1.50)	580		[illegible]			
150	F.P.	13/8	165	150	Oldfield Insp. Srvs	155		[illegible]			
77	F.P.	14/7	97	88	Ratio City 'A' NV	93		[illegible]			
[illegible]	F.P.	—	36	33	Rowe Evans Inv. 10p	36					
140	F.P.	29/6	185	150	Ruddle (G.) 10p	180		[illegible]			
[illegible]	F.P.	—	[illegible]	[illegible]	Sarakreek (Br. Fl. 25)	[illegible]		[illegible]			
[illegible]	F.P.	—	44	37	Walker (Alfred) 10p	38		[illegible]			

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
[illegible]	F.P.	—	60p	55p	Antofagasta 3.5% Pref.£1	55p	
100	F.P.	9/7	107	99	Benlox 8% Conv. Cum. Rd. Pf.	[illegible]	
100	£10	28/8	12¼	10½	Bournemouth Water 9% Red. Prf. 1989	12¼	+¼
100	Nil	29/7	[illegible]	[illegible]	Cronite 10% Cnv. Uns. Ln. 92	[illegible]	
[illegible]	F.P.	—	13¼	12	First Nat. 12pc Conv. Uns. Ln. 1987	[illegible]	
100	F.P.	9/7	101	91	Marlborough Props. 10% Cnv. Ln. 92-2002	92	
98.56	£25	6/10	28¼	25¼	Midland 8k. 14% Sub. Uns. Ln. 2002-07	28	
100	F.P.	—	101	100	Nationwide Bdg. Soc. 13¼% (3/6/83)	101	
100	F.P.	—	101	99	Do. 14¼% (7/8/83)	101	
100	F.P.	—	100	100	Do. 13¾% (26/8/83)	100	
99.345	£25	—	27¾	25	New Zealand 14¼% 1987	27¾	
100	F.P.	23/7	107	98	Rotaprint 11% Cum. Conv. Red. Pref. 90-95	[illegible]	
100	£10	—	13½	13	West Kent Water 8¾% Red. Pref. 87-89	13¼	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
165	F.P.	9/7 6/8	198	188	Applied Computer Tech.	198	+1
170	F.P.	13/8 24/8	190	180	Bank Leumi (UK) £1	185	
103	Nil	—	17pm	15pm	Blundell-Permoglaze	17pm	
25	Nil	29/7	2pm	1pm	Cronite	1pm	
78	Nil	—	6pm	4pm	Good Rel. 5p	6pm	
174	F.P.	18/6 30/7	250	218	Grand Met 50p	250	
25	Nil	28/7	1½pm	1pm	Jenks & Cattell	1½pm	
65	Nil	—	13pm	8pm	Mid. Wales	13pm	
50	F.P.	24/6 13/8	62	50	Press (Wm.) 10p	61	
325	F.P.	17/6 30/7	445	380	Smith & Nephew	435	
215	F.P.	5/7 13/8	282	260	Sketchley	282	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊙ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way *of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation* merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ** Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Sugar	448	−13	Pearl Assurance	394	+12
Charter Cons.	195	−10	P & O Defd.	154	—
Davy Corpn.	122	− 4	Reckitt and Colman	296	− 6
Glaxo	743	+12	Steward Wrightson	277	+10
Lonrho	92	+ 3	Vaal Reefs	£28⅞	− 0⅞
Midland Bank	335	+ 5	Western Deep	£13¾	− 0⅞

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change	Stock	Wednesday's No. of price changes	Wednesday's closing price pence	Day's change
Midland Bank	18	330	−22	RTZ	11	412	+10
Glaxo	17	731	−24	Rothmans Intl.	11	94	− 4
Unilever	17	627	+22	Beecham	10	297	− 3
Lonrho	12	89	+ 3	GEC	10	£10½	—
Aitken Hume	11	177	+22	Lloyds Bank	10	392	+ 4
Anglo Amer.	11	580	+45	BAT Inds.	9	470	—
Barclays Bank	11	388	+ 2	ICI	9	304	− 2

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thur July 22 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed July 21 Index No.	Tues July 20 Index No.	Mon July 19 Index No.	Fri July 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	405.63	+0.2	9.30	4.34	13.37	404.95	405.13	400.29	393.21	343.33
2	Building Materials (23)	[illegible]									
3	Contracting, Construction (28)	[illegible]									
4	Electricals (31)	[illegible]									
5	Engineering Contractors (11)	[illegible]									
6	Mechanical Engineering (67)	[illegible]									
8	Metals and Metal Forming (11)	[illegible]									
9	Motors (20)	[illegible]									
10	Other Industrial Materials (18)	[illegible]									
21	CONSUMER GROUP (202)	[illegible]									
22	Brewers and Distillers (22)	[illegible]									
25	Food Manufacturing (22)	[illegible]									
26	Food Retailing (14)	[illegible]									
27	Health and Household Products (9)	[illegible]									
29	Leisure (23)	[illegible]									
32	Newspapers, Publishing (13)	[illegible]									
33	Packaging and Paper (14)	[illegible]									
34	Stores (45)	[illegible]									
35	Textiles (23)	[illegible]									
36	Tobaccos (3)	[illegible]									
39	Other Consumer (14)	[illegible]									
41	OTHER GROUPS (76)	[illegible]									
42	Chemicals (15)	[illegible]									
44	Office Equipment (4)	[illegible]									
45	Shipping and Transport (13)	[illegible]									
46	Miscellaneous (44)	[illegible]									
49	INDUSTRIAL GROUP (487)	[illegible]									
51	Oils (13)	[illegible]									
59	500 SHARE INDEX	[illegible]									
61	FINANCIAL GROUP (117)	[illegible]									
62	Banks (6)	[illegible]									
63	Discount Houses (9)	[illegible]									
64	Insurance (Life) (9)	[illegible]									
65	Insurance (Composite) (10)	[illegible]									
66	Insurance Brokers (7)	[illegible]									
67	Merchant Banks (12)	[illegible]									
68	Property (49)	[illegible]									
69	Other Financial (15)	[illegible]									
70	Investment Trusts (111)	[illegible]									
71	Mining Finance (4)	[illegible]									
81	Overseas Traders (10)	[illegible]									
99	ALL-SHARE INDEX (750)	336.30	+0.1		5.97		335.98	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	Price indices	Thur July 22	Day's change %	Wed July 21	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	114.34	+0.15	114.16	—	[illegible]
2	5-15 years	114.44	+0.48	[illegible]	—	[illegible]
3	Over 25 years	123.29	+0.27	122.97	—	[illegible]
4	Irredeemables	125.34	—	[illegible]	—	[illegible]
5	All stocks	117.82	+0.31	116.65	—	[illegible]
6	Debentures & Loans	92.12	+0.28	91.86	—	[illegible]
7	Preference	67.03	+0.29	66.84	—	[illegible]

	Average gross redemption yields	Thur July 22	Wed July 21	Year ago (approx.)
	British Government			
1	Low 5 years	[illegible]	[illegible]	[illegible]
2	Coupons 15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4	Medium 5 years	[illegible]	[illegible]	[illegible]
5	Coupons 15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7	High 5 years	[illegible]	[illegible]	[illegible]
8	Coupons 15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]
11	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12	15 years	[illegible]	[illegible]	[illegible]
13	25 years	[illegible]	[illegible]	[illegible]
14	Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (80)

BRITISH FUNDS (16)

CORPORATION LOANS (5)

Bath 11¼pc 1985 — Lon. Corp. 9¼pc 84/85
Birmingham 12½pc 1985 — LCC 5½pc 82/84
Cardiff 1pc 986

COMMONWEALTH & AFRICAN LOANS (3)

Aust. 6pc 81/83 — Do. 7½pc 83/86
NZ 7½pc 86/92

LOAN FINANCIAL (4)

FFI 14pc 1983 — Do. 7¼pcADb 89/92
FFI (UK Fn) 5½pcDb 80/82 — Do. 7¼pcADb 91/94

BUILDING SOCIETIES —

Nationwide 15¼pc 7.2.83

AMERICANS (2)

Amer Medical Int — TRW Inc

BANKS (2)

Alexanders Discount — Clive Discount

BEERS (3)

Bulmer (H. P.) — Young Brew A
Highland Dist.

BUILDINGS (2)

RMC — Tarmac

CHEMICALS (4)

Allied Colloids — Ellis & Everard
Ciba Geigy 8pcCnv 81/94 — Novo Inds A/S B

STORES (2)

Habitat — Do 9½pcCn 98/2000

ELECTRICALS (6)

AB Electronic — GEC
Eurotherm Intl — Plessey
Ferranti — Thorpe (F. W.)

ENGINEERING (4)

Bullough — Locker (T.)
Chemring — Do. A

FOODS (1)

Meat Trade Suppliers

HOTELS (1)

Grand Met.

INDUSTRIALS (10)

Appld Computer — Halma
Bath & Portland — Lep Group
Berisfords — Watshams
Bibby (J.) — Whatman Reeve
Downs Surgical — Whitecroft

INSURANCE (1)

Stewart Wrightson

LEISURE (1)

Norton & Wright

MOTORS (1)

Gates (F. G.)

PROPERTY (4)

Swire Props — Do Def Cnv
Trust Secs — York Mount

TEXTILES (2)

Hicking Pentecost — Jerome (Hldgs)

TRUSTS (4)

Derby Tst Inc — Throg Growth
Rosedimond Inc — Tor Inv Inc

MINES (1)

S African Land

NEW LOWS (36)

AMERICANS (4)

Esmark — Rexnord
Fluor Group — Transamerica

ELECTRICALS (2)

Forward Tech — Molynx

ENGINEERING (2)

Robinson (T.) — Wood (S. W.)

INDUSTRIALS (6)

Arenson (A.) — Macpherson (D.)
Embart Corp — Radiant Metal
Francis Inds — Staffs Potts

MOTORS (5)

AE — Harrison (T. C.)
Woodhead (J.) — Lookers
Caffyns — Mantor Nat Grp

PAPERS (1)

Melody Mills

TRUSTS (3)

Gen Stockholders — Bonusbond
New Darian Oil Tst

OILS (6)

Berkeley Expln — Do Cav A
Cie Fr Petroles — Gaelic Oil
Cluff Oil — TR Energy

RUBBERS (2)

Bertam — Malay Plants

MINES (4)

Patino — Gopeng Cons
Silverminès — Sungei Besi

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	86	4	21
Corpns., Dom. and Foreign Bonds	17	4	52
Industrials	183	229	922
Financial & Props.	95	88	328
Oils	17	28	61
Plantations	1	5	17
Mines	20	69	88
Others	39	53	63
Totals	438	480	1,532

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 21, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	58.25	Grenada	E. Caribbean $	2.7025	Philippines	Peso	8.48
Albania	Lek	[illegible]	Guadaloupe	Franc	6.7835	Pitcairn Is.	N.Z. Dollar	1.3478
Algeria	Dinar	[illegible]	Guam	U.S. $	1.00	Poland	Zloty (O)	80.00
Andorra	Fr. Franc / Sp. Peseta	6.7835 / 110.845	Guatemala	Quetzal	1.00	Portugal	Escudo (7)	83.75
Angola	Kwanza	30.214	Guinea	Syli	40.1221	Port Timor	Escudo	n.a.
Antigua	E. Caribbean $	2.7025	Guinea Bissau	Peso	22.5153	Puerto Rico	U.S. $	1.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. [illegible]

Dollar steady

The dollar showed small mixed changes in featureless foreign exchange trading yesterday. It improved slightly against the D-mark and Swiss franc, but lost ground to the Japanese yen and French franc. Slightly firmer Eurodollar rates underpinned the U.S. currency, while weekly make-up day for New York banks meant that the small rise in the Federal funds overnight rate was of little significance.

Sterling did not appear to benefit from the favourable reaction to the first quarter public sector borrowing requirement figure published yesterday, drifting slightly in expectation of lower London interest rates.

DOLLAR — Trade weighted index (Bank of England) 119.4 against 119.5 on Wednesday and 109.3 six months ago. Three-month Treasury bills 10.61 per cent (13.56 per cent six months ago). Annual inflation 6.7 per cent (6.6 per cent previous month) — The dollar rose to DM 2.4340 from DM 2.4275 against the D-mark but eased against the Japanese yen to Y251.8 from Y252.6. It improved against the Swiss franc however to SwFr 2.0625 from SwFr 2.0575.

STERLING—Trade weighted index closed at 91.0 compared with 91.1 at noon and the opening and 91.2 on Wednesday (90.9 six months ago). Three-month interbank 12¼ per cent (14¼ per cent six months ago). Annual inflation 9.2 per cent (9.5 per cent previous month)—Sterling opened at $1.7450 against the dollar and touched a best level of $1.7490 before coming back to $1.7410. Late dollar weakness pushed the rate back to $1.7480 and it closed at $1.7460-1.7470, a fall of 90 points. Against the D-mark it fell to DM 4.2550 from DM 4.2650 and SwFr 3.6050 from SwFr 3.61. It was also weaker against the French franc at FFr 11.8250 compared with FFr 11.8850.

D-MARK — EMS member (weakest). Trade weighted index 125.3 against 125.1 on Wednesday and 122.0 six months ago. Three-month interbank 9.40 (10.25 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month)— There was little change in major currencies at yesterday's fixing in Frankfurt. The market maintained its focus on interest rates and these were hardly changed. As a consequence the dollar was only a little weaker at DM 2.4350 compared with DM 2.4407 on Wednesday and the Bundesbank sold a nominal $2.3m at the fixing. With the approach of the weekend and today's U.S. money supply figures, there was little incentive to take out fresh positions and trading remained subdued. Sterling slipped to DM 4.2520 from DM 4.2540 and the French franc was lower at DM 35.91 per FFr 100 from DM 35.92. On the other hand the Swiss franc rose to DM 1.1771 from DM 1.1748½ and the Dutch guilder was higher at DM 90.535 per Fl 100 compared with DM 90.465.

[BELGIAN FRANC — EMS] member (third weakest). Trade weighted index 95.4 against 95.7 on Wednesday and 104.7 six months ago. Three-month Treasury bills 15 per cent (15 per cent six months ago). Annual inflation 9.8 per cent (9.5 per cent previous month)—The Belgian franc showed little overall change at yesterday's fixing in Brussels. The dollar was lower at BFr 46.45 compared with BFr 46.93 while the D-mark improved at BFr 19.0630 from BFr 19.0450. Sterling slipped to BFr 81.085 from BFr 81.53 while the French franc was stronger at BFr 6.8535 against BFr 6.8460.

JAPANESE YEN — Trade weighted index 133.5 against 132.9 on Wednesday and 141.7 six months ago. Three-month bills 7.28125 per cent (6.59375 per cent six months ago). Annual inflation 2.3 per cent (2.8 per cent previous month)—The yen showed little change in Tokyo yesterday. The dollar closed at Y252.90 down from an opening level of Y253.00 and Wednesday's close of Y253.70. The level of trading was reduced by the closure of Singapore for a holiday with little interest ahead of the weekend and Friday's U.S. money supply figures.

THE POUND SPOT AND FORWARD

July 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7410-1.7490	1.7460-1.7470	0.03-0.13c dis	−0.55	0.70-0.80dis	−1.72
Canada	2.1930-2.2040	2.2010-2.2020	0.78-0.88c dis	−4.52	2.28-2.38dis	−4.08
Nethlnd.	4.68-4.72	4.69½-4.70½	1½-1c pm	3.19	3¾-3¼ pm	2.88
Belgium	80.80-81.30	81.10-81.20	10-20c dis	−2.22	50-60 dis	−2.71
Denmark	14.68-14.73	14.71-14.72	¾-1¾ore dis	−1.02	7¼-8¾ dis	−2.16
Ireland	1.2330-1.2400	1.2345-1.2365	0.49-0.62p dis	−5.39	1.69-1.81dis	−5.33
W. Ger.	4.24-4.27	4.25-4.26	1½-1pf pm	3.52	3½-3 pm	3.05
Portugal	145.50-146.75	145.50-146.00	70-225c dis	−12.14	210-725dis	−12.83
Spain	193.00-193.80	193.00-193.20	105-130c dis	−7.30	420-465 dis	−9.17
Italy	2,386-2,391	2,388-2,390	12½-14½ lire dis	−6.78	45-48 dis	−7.78
Norway	10.95-10.99	10.96½-10.98½	6-7¼ore dis	−7.18	13¾-15 dis	−5.15
France	11.81-11.89	11.82-11.83	2-3c dis	−2.54	11-12 dis	−3.89
Sweden	10.56-10.61	10.57½-10.58½	3-3¾ore dis	−3.76	8⅞-9¾dis	−3.50
Japan	438-443	440-441	2.05-1.85y pm	5.31	5.15-4.95 pm	4.58
Austria	29.85-30.00	29.88-29.93	11½-7gro pm	3.71	27½-21 pm	3.24
Switz.	3.59½-3.63½	3.60-3.61	3-2½c pm	9.15	7¾-7¼ pm	8.32

Belgian rate is for convertible francs. Financial franc 86.80-86.90. Six-month forward dollar 1.77-1.87c dis. 12-month 3.25-3.40c dis.

THE DOLLAR SPOT AND FORWARD

July 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7410-1.7490	1.7460-1.7470	0.03-0.13c dis	−0.55	0.70-0.80dis	−1.72
Ireland†	1.4105-1.4155	1.4135-1.4165	0.63-0.53c pm	4.92	1.55-1.35 pm	4.11
Canada	1.2565-1.2620	1.2600-1.2610	0.41-0.44c dis	−4.05	0.80-0.84dis	−2.60
Nethlnd.	2.6870-2.6935	2.6870-2.6900	0.93-0.83c pm	3.93	3.15-3.05 pm	4.61
Belgium	46.38-46.53	46.51-46.53	5-7c dis	−1.55	9-11 dis	−0.86
Denmark	8.4050-8.4320	8.4050-8.4100	0.30-0.05ore pm	0.25	0.80-1.10dis	−0.40
W. Ger.	2.4300-2.4425	2.4335-2.4345	0.77-0.72pf pm	3.67	2.85-2.80 pm	4.64
Portugal	83.25-83.75	83.50-83.75	40-140c dis	−12.91	90-380 dis	−11.24
Spain	110.80-110.95	110.80-110.85	58-68c dis	−6.82	200-225 dis	−7.67
Italy	1,366½-1,368½	1,366½-1,367½	8¾-7½ lire dis	−6.25	19¾-21¼dis	−6.07
Norway	6.2770-6.2860	6.2775-6.2825	2.30-2.70ore dis	−4.77	4.25-4.65dis	−2.83
France	6.7675-6.7850	6.7675-6.7725	1.20-1.40c dis	−2.30	3.50-4.00dis	−2.21
Sweden	6.0550-6.0670	6.0550-6.0580	1.40-1.60ore dis	−2.97	2.55-2.75dis	−1.76
Japan	251.50-252.90	251.75-251.85	1.28-1.20y pm	5.91	4.00-3.90 pm	6.27
Austria	17.12-17.16	17.12½-17.13½	7-5½gro pm	4.38	22-18½ pm	4.73
Switz.	2.0600-2.0725	2.0620-2.0630	1.69-1.61c pm	9.60	5.14-5.04 pm	9.87

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.0	−32.4
U.S. dollar	119.4	+11.1
Canadian dollar	87.0	−19.9
Austrian schilling	117.8	+26.8
Belgian franc	95.4	−1.2
Danish kroner	82.7	−14.2
Deutsche mark	125.3	+49.5
Swiss franc	145.5	+96.9
Guilder	116.4	+25.5
French franc	74.1	−20.1
Lira	53.8	−58.3
Yen	133.9	+27.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 22	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.628828	0.554608
U.S. $	11½	109.651	0.968346
Canadian $	16.17	*	1.21770
Austria Sch.	6¾	18.7986	16.6071
Belgian F	14	50.9329	44.9700
Danish Kr.	11	9.23700	8.16074
D mark	7½	2.67000	2.35889
Guilder	8	2.95126	2.60524
French F	9½	7.43434	6.56539
Lira	19	1499.48	1324.21
Yen	5½	277.198	244.750
Norwgn. Kr.	9	6.88937	6.08654
Spanish Pts.	8	121.503	107.293
Swedish Kr.	10	6.65143	5.86721
Swiss Fr.	5½	2.26846	2.00351
Greek Dr'ch	20½	75.3651	66.5738

*C$/SDR rate for July 21: 1.37341.

OTHER CURRENCIES

July 22	£	$		£ Note Rates
Argentina Peso	36,054†	20,650†	Austria	29.80-30.10
Australia Dollar	1.7265-1.7285	0.9905-0.9910	Belgium	86¼-87¼
Brazil Cruzeiro	311.88-312.88	178.57-179.46	Denmark	14.64-14.78
Finland Markka	8.19-8.20	4.6940-4.6960	France	11.79-11.89
Greek Drachma	117.571-121.170	68.70-68.90	Germany	4.23½-4.27½
Hong Kong Dollar	10.24⅞-10.26⅛	5.8720-5.8760	Italy	2355-2395
Iran Rial	*146.50	*84.40	Japan	441-446
Kuwait Dinar (KD)	0.5003-0.5011	0.2864-0.2865	Netherlands	4.67½-4.71½
Luxembourg Fr.	81.10-81.20	46.51-46.53	Norway	10.93-11.03
Malaysia Dollar	4.08-4.09	2.3390-2.3440	Portugal	143-156
New Zealand Dlr.	2.3470-2.3490	1.3445-1.3465	Spain	186¾-195¼
Saudi Arab. Riyal	6.0060-6.0135	3.4380-3.4400	Sweden	10.55-10.65
Singapore Dollar	3.7150-3.7250	2.1300-2.1330	Switzerland	3.60-3.64
Sth. African Rand	1.9865-1.9885	1.1375-1.1385	United States	1.74-1.76
U.A.E. Dirham	6.4140-6.4215	3.6715-3.6735	Yugoslavia	87-100

† Rate shown for Argentina is commercial. Financial rate: 67,991-68,011 against sterling 38,950-39,000 against dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	44.9700	—	−0.07	±1.5501
Danish Krone	8.23400	8.16074	−0.89	−0.96	±1.6430
German D-Mark	2.33379	2.35889	+1.08	+1.01	±1.0888
French Franc	6.61387	6.56539	−0.73	−0.80	±1.3940
Dutch Guilder	2.57971	2.60524	+0.99	+0.92	±1.5004
Irish Punt	0.691011	0.685595	−0.79	−0.86	±1.6691
Italian Lira	1350.27	1324.21	−1.93	−1.93	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 22	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.747	4.255	440.5	11.825	3.605	4.700	2389.	2.202	81.15
U.S. Dollar	0.573	1.	2.436	252.2	6.771	2.064	2.691	1368.	1.261	46.46
Deutschemark	0.235	0.410	1.	103.5	2.779	0.847	1.105	561.5	0.517	19.07
Japanese Yen 1,000	2.270	3.965	9.659	1000.	26.84	8.184	10.67	5423.	4.998	184.2
French Franc 10	0.846	1.477	3.598	372.5	10.	3.049	3.975	2020.	1.862	68.63
Swiss Franc	0.277	0.484	1.180	122.2	3.280	1.	1.304	663.7	0.611	22.51
Dutch Guilder	0.213	0.372	0.905	93.72	2.516	0.767	1.	508.3	0.468	17.27
Italian Lira 1,000	0.419	0.731	1.781	184.4	4.950	1.509	1.967	1000.	0.922	33.97
Canadian Dollar	0.454	0.793	1.933	200.1	5.371	1.638	2.135	1085.	1.	36.86
Belgian Franc 100	1.232	2.153	5.243	542.8	14.57	4.442	5.792	2944.	2.713	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 22)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 1/2	offer 13 5/8	bid 14 1/8	offer 14 3/8

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12¼-12½	10¼-11	14-15	8¼-8½	1-1½	8¾-8¾	14½-15	17½-19	13-14	13½-14	6½-6¾	14-15½
7 days notice	12¼-12½	11⅛-11¼	14½-15	8½-8¾	1¾-2	8¾-8⅞	14¼-15	18½-19¼	13¾-14¾	14½-14¾	6¼-6⅝	11¾-13¼
Month	12⅝-12⅞	12⅛-12⅜	15¼-15⅝	8½-8⅝	2⅛-3⅛	8⅞-8⅞	14⅝-15	18½-19¼	13¾-14¾	14⅛-14⅜	6⅝-6⅞	11¾-13¼
Three months	12-12⅛	13⅝-13⅞	15¾-16	8⅝-8⅞	3⅜-3⅝	8¾-8⅞	15⅛-15⅞	19⅝-20	14-15	14⅜-15	7⅛-7¼	14⅜-14⅞
Six months	12⅛-12¼	14⅛-14⅜	16⅛-16⅜	9-9⅛	4⅛-4⅜	8⅞-9⅛	16½-17	20⅜-20⅞	14-15½	14⅜-14⅞	7⅝-7⅞	15½-17
One Year	12⅛-12⅜	14⅛-14⅜	16⅛-16⅜	9-9⅛	4⅛-5⅛	9-9⅛	17¼-17¾	20¾-21⅛	14⅝-15⅜	14⅛-14¾	7⅛-7⅛	16¾-18¼

SDR linked deposits: one month 11⅝-11⅞ per cent; three months 11⅞-12⅛ per cent; six months 12⅛-12⅜ per cent; one year 12⅜-12⅝ per cent.
ECU linked deposits: one month 11½-11¾ per cent; three months 11⅞-11⅞ per cent; six months 12¼-12½ per cent; one year 12½-12¾ per cent.
Asian $ (closing rates in Singapore): one month ——— per cent; three months ——— per cent; six months ——— per cent; one year ——— per cent. Long-term Eurodollar: two years 14½-14¾ per cent; three years 14⅝-14⅞ per cent; four years 14⅞-15⅛ per cent; five years 15-15¼ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 12.15-12.25 per cent; three months 12.95-13.05 per cent; six months 12.55-12.65 per cent; one year 12.55-12.65 per cent.

MONEY MARKETS

London short term rates firm

UK clearing bank base lending rate 12 per cent (since July 14)

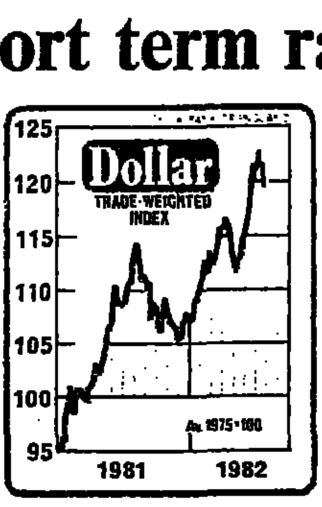
Short term rates rose sharply in London yesterday as the market was faced with a shortage of funds after only limited assistance by the Bank of England. Overnight interbank rates opened at 12¼-12½ per cent and eased initially on the early official forecast to 12¼-12½ per cent. Rates stayed around this level until an upward revision in the forecast pushed money firmer to 12¼-12¾ per cent. A further revision in the forecast saw rates climb to 13-13½ per cent before rising rapidly to 18-20 per cent with some trading up to 30 per cent.

The Bank of England left its dealing rates unchanged after a series of recent cuts and there were no further sale and repurchase agreements arranged by the discount houses. With the market looking for a further cut in clearing bank base rates the shortage left in the system yesterday may have suggested that the authorities were trying to apply the brake gently.

Longer term rates showed little chang

The Bank forecast a shortage of around £100m, with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£221m and the unwinding of sale and repurchase agreements −£193m. These were partly offset by Exchequer transactions of +£270m. The shortage was revised to around £150m and the Bank gave assistance in the morning of £9m, comprising purchases of £9m of eligible bank bills in band 2 (15-33 days) at 11⅞ per cent.

Later in the day the shortage was again revised to around £200m, before taking into account the morning's operations and the Bank gave further help of £65m, making a grand total of £74m. The afternoon help comprised purchases of £7m of eligible bank bills in band 1 (up to 14 days) at 12⅛ per cent and £30m in band 2 at 11⅞ per cent. In band 3 (34-63 days) it bought £19m of eligible bank bills at 11⅞ per cent and in band 4 (64-91 days) £9m of Treasury bills at 11½



EUROCURRENCIES

$ quiet

Trading was generally quiet in Euro-currency markets yesterday in the absence of any fresh news to influence the market. Attention was slowly focussing on today's U.S. money supply figures and yesterday's small rise in Euro-dollar rates was possibly no more than a reaction to the sharp falls seen recently. The rise also reflected to some extent a small increase in U.S. Federal fund rates. Eurosterling rates were virtually unchanged from Wednesday, with no further reduction in Bank of England dealing rates and the prospect of sizeable credit shortages in the UK domestic market in the early part of next week.

Elsewhere Euro-Swiss and Euro-D-mark rates showed a slightly firmer trend where changed as did Euro-French francs. D-mark and Swiss franc premiums narrowed a little against the dollar in forward trading while the dollar's discount against sterling widened slightly, reflecting a small increase in interest rate differentials.

MONEY RATES

NEW YORK

Prime rate	16-16½
Fed funds (lunch-time)	10⅞-11¼
Treasury bills (13-week)	10.61
Treasury bills (26-week)	11.23

GERMANY

Lombard	9.00
Overnight rate	9.00
One month	9.30
Three months	9.40
Six months	9.45

FRANCE

Intervention rate	14.75
Overnight rate	15.0
One month	14.5625
Three months	14.5625
Six months	14.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.15625
Bill discount (three-month)	7.28125

LONDON MONEY RATES

July 22 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12⅛-30	12½-12⅝	—	—	12¾	12-12¼	—	—	—
2 days notice	—	—	12⅜-12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12¾	12⅜-12⅛	—	—	12⅞	12	—	—	—
One month	12⅜-12¼	12¼-12⅜	12¼	12⅞-12⅜	12¼	12⅜	11¾	11⅞-11⅞	11⅞-11⅞	12⅜
Two months	12⅛-12⅛	12⅛-12¼	—	12⅝-12¼	12⅛	12½	11⅝	11⅞-11⅝	11⅞-11⅞	12⅛
Three months	12⅛-11⅞	12⅛-12⅛	12⅛	12½-12⅛	12⅛	12⅛	11¼-11⅜	11⅝	11⅝-11⅞	12
Six months	11⅞-11⅞	12⅛-12⅛	12⅛	11⅝-11	12⅛	—	—	—	11⅞-11¼	11⅝
Nine months	11⅞-11⅞	12⅛-12¼	—	12¼-11⅞	12⅛	—	—	—	—	—
One year	11⅞-11⅞	12⅛-12¼	12⅛	12⅛-11¾	12⅛	—	—	—	—	—
Two years	—	—	12⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13 per cent; four years 13¼ per cent; five years 13¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝ per cent; four months trade bills 12 per cent.

Approximate selling rate for one month Treasury bills 11⅝ per cent; two months 11½ per cent; three months 11⅝ per cent. Approximate selling rate for one month bank bills 11¹⁵⁄₃₂-11¾ per cent; two months 11⅝ per cent and three months 11⅝ per cent: one month trade bills 12⅝ per cent; two months 11¹⁵⁄₁₆ per cent; three months 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12 per cent. London Clearing Bank Deposit Rates for sums at seven days notice 9 per cent. Treasury Bills: Average tender rates of discount 11.6339 per cent. Certificates of Tax Deposit (Series 5) 12¼ per cent from July 21. Deposits withdrawn for cash 10 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Granville Inv. Tst.	66.12	6.47	.....	5.02

Next dealing day July 15.

Guinness Mahon Int. Fund (Guernsey)
P.O. Box 182, St. Peter Port, Guernsey. 0481 23506.

US$ Price	19.96	20.53	+1.30	8.92
£ Sterling Exempt	11.37	11.75	+0.09	10.65
S.D.R. Exempt	18.12	18.74	+0.96	9.37

Prices at July 22. Next dealing Aug 5.

Hambro Pacific Fund Mgmt. Ltd.
2110 Connaught Centre, Hong Kong

Far East July 21	HK$21.33	22.86	.....	—
Japan Fund July 16	$8.44	9.08	.....	—

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521

Capital Reserve Fd.†	£15.11	15.13xd	.....	0.23
C.I. Fund	252.30	247.40	.....	3.08
Special Sits. Fund	92.4	96.9	.....	3.11
Sterling Income Fund*	110.1	115.0	.....	13.27
Dollar Income Fund	$0.983	1.027	.....	13.50
Trans. Nat. Trust	$0.877	0.924	+0.009	3.50
Intnl. Bond	$100.34	105.63	.....	10.00
Int. Equity	$13.78	14.50	.....	1.83
Int. Svgs. 'A' $US	$1.39	1.39	.....	—
Int. Svgs. 'B'	$1.47	1.55	.....	—
Galleon Ass. Fund 'A'	$1.021	1.022	.....	—
Galleon Ass. Fund 'B'	$1.003	1.004	.....	—

†Excludes initial charge on small orders.

Henderson Admin. & Man. (Guernsey)
7 New St., St. Peter Port, Guernsey 0481 26541/2

American (US cents)	109.1	114.9	.....	—
Nat. Res. (U.S. cents)	93.2	98.0	.....	—
Gilt Fund	£9.37	9.98	+0.18	12.58

Henderson Caring Group
801, Gloucester Tower, 11, Pedder St., Hong Kong.

Quest Fund Man. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey. 053427441.

Quest Stg. Fxd. Int.	£0.770	0.815	.....	11.040
Quest Intl. Secs.	$0.823	0.873	.....	1.75
Quest Intl. Bd.	$0.814	0.862	.....	12.760

Prices on July 21. Next dealing July 28.

Quilter/Neinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177

Regc. Fd. Int. July 1	$[illegible]	*438	.....	1.9

Next dealing date August 2.

RBC Investment Managers Limited
PO Box 246, St. Peter Port, Guernsey 0481-23021.

Intl. Income Fd.	$8.81	9.43	.....	—
Intl. Capital Fd.	$9.67	10.50	.....	—
North America Fd.	$4.13	4.59xd	+0.06	—

Ramineo Managers Ltd.
P.O. Bx. 1549, Hamilton, Bermuda. (809-29) 2-7979

RAMINCO July 5	$8.85	9.12	.....	—

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914

Coin Trust	35.2	37.6	.....	—
Diamond Bond	68.6	71.4	.....	—
Gold Bond	211.8	222.9	.....	—
Managed Fund	136.7	143.8	.....	11.09
Petroman Oil Trust	125.9	133.2	.....	11.09
Do. $	2.207	2.346	.....	—
Sapphire Trust	162.0	174.1	-2.2	—
Silver Trust	159.2	167.2	.....	—
Sterling Deposit Bd.	150.64	158.61	.....	11.73
UK Gilt Fund	136.5	143.6	.....	—

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey 0481-26741.

Wardley Investment Services Ltd.
Hutchison House, Hong Kong

Wardley Trust	HK$24.51	25.70	.....	4.79
Wardley Nikko As. Fd.	$36.52	37.95	.....	3.02
Wardley Bond Trust	$9.42	9.69	.....	9.48
Wardley Japan Trust	14.79	15.32	.....	1.17

World Wide Growth Management§
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$10.30		+0.08	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	36.3	37.8	-0.2	6.60
Chinese Fund	76.3	79.9	.....	9.50
Precious Metal Fund	148.8	153.5	-0.9	6.30
Vanguard Cmdy. Fd.	41.6	42.7	-0.2	2.26
Financial Futures Fd.	110.4	115.0	.....	—
Wren Intl. Fnd.*	$0.854	0.889	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅞	95⅝	Exch. 9¼pc 1982	99⅞	......	9.38	12.20
99	94⅞	Exch. 8¼pc 1983	99	......	8.84	10.93
96⅛	91	Exch. 3pc 1983	96⅛xd	......	3.12	10.03
100	95¾	Treasury 12pc 1983‡‡	100	......	12.00	11.87
98	92⅞	Treasury 9¼pc '83	98	......	9.44	11.44
102	96⅞	Exch. 13½pc '83	101⅞	......	13.25	11.83
99	91⅞	Exch. 10pc 1983	99	......	10.10	10.75
95½	87⅞	Funding 5½pc '82-84‡‡	95½	+⅛	5.76	8.78
100	91⅞	Exch. 11¼pc 1984	100xd	......	11.25	11.25
103⅛	96¼	Exchequer 14pc 1984	103⅛	......	13.58	11.98
89¾	81⅛	Exch. 3pc 1984	89¾	......	3.34	8.95
100¼	91½	Treasury 12pc 1984	100¼	+¼	11.97	11.80
105¾	96¼	Treasury 15pc 1985	105¾xd	+⅛	14.18	12.35
99¾	89½	Exch. 12pc Cnv. '85	99¾	......	12.03	12.08
85	73½	Treasury 3pc 1985	84⅞	+¼	3.53	9.18
98⅝	87½	Treasury 11½pc 1985	98⅝	......	11.66	12.06
100⅛	88⅝	Exch. 12¼pc 1985	100¼	+⅛	12.23	12.15
99¼	86⅛	Exch. 11¾pc '86	99¼xd	+¼	11.85	12.03
81½	69	Treasury 3pc 1986	81¼	+⅛	3.69	8.88
99⅝	86¼	Treasury 12pc '86	99⅝	+¼	12.06	12.10
92¼	80⅜	Treasury 8½pc '84-86‡‡	92¼	+½	9.24	10.96
100⅝	96⅜	Treas. 12¼pc '86 Cnv.	100⅝	+¼	12.19	12.05
105¼	91⅞	Exch. 14pc 1986	105¼	+⅜	13.33	12.83
103¾	90	Exch. 13¼pc 1987	103⅛	+⅜	12.86	12.76
85½	73¾	Funding 6½pc '85-87‡‡	85½	+½	7.60	10.42
77	64½	Treasury 3pc 1987	77	+⅛	3.90	8.80

Five to Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅝	85⅞	Treas. 12pc 1987	100⅝	+⅜	12.25	12.50
86½	72½	Treasury 7¾pc '85-88‡‡	86½xd	+½	8.95	11.06
72¼	60¼	Transport 3pc '78-88	72⅝	+½	4.13	9.07
96⅛	79⅞	Treasury 11½pc 1989	92⅝xd	+⅜	12.29	12.99
73½	62½	Treasury 5pc '86-89	73½	+½	6.93	10.62
101½	85⅞	Treasury 13pc 1990‡‡	100⅛	+⅝	13.02	13.01
100⅞	85⅝	Exch. 12½pc 1990	100⅞	+⅝	12.93	13.19
83¾	70⅛	Treasury 8¼pc '87-90‡‡	82¼	+¼	10.07	11.83
93½	77⅞	Treasury 11¾pc 1991	93¼	+½	12.66	13.16
70⅛	59¼	Funding 5¾pc '87-91‡‡	70⅛	+½	8.40	11.53
91⅞	76⅜	Exch. 11pc 1991	91⅞	+⅝	12.40	13.12
99½	81⅞	Treasury 12¾pc '92‡‡	98xd	+½	13.01	13.12
86¼	70	Treasury 10pc 1992	83⅝xd	+¼	11.85	12.88
97¼	80⅞	Exch. 12¼pc '92	94xd	+½	12.88	13.15
105½	88⅝	Exchequer 13½pc '92	105½	+½	13.37	13.34
97¾	80⅜	Treasury 12½pc '93‡‡	96½	+½	12.99	13.16
66⅝	56¼	Funding 6pc 1993‡‡	66⅝	+½	9.30	11.96
105	88	Treasury 13¾pc 1993‡‡	105	+½	13.39	13.26
112¾	91⅝	Treasury 14½pc '94‡‡	112⅞	+⅝	13.53	13.26
104	86¼	Exchequer 13½pc 1994	104	+½	13.39	13.35
98¾	80⅛	Exch. 12½pc 1994	95xd	+½	13.02	13.18
79¼	66¼	Treasury 9pc '94‡‡	79¼	+¼	11.52	12.52
94¼	76½	Treasury 12pc '95	92¾xd	+⅜	12.93	13.18
48½	42⅞	Gas 3pc '90/95	48½	+¼	6.27	10.51
84¼	68½	Exch. 10¼pc 1995	83½xd	+⅜	12.28	12.91
100¼	83¼	Treasury 12¾pc '95‡‡	100¼	+⅜	13.03	13.07
106⅝	86¼	Treas. 14pc '96	104⅜xd	+¼	13.43	13.29
80½	66⅝	Treasury 9pc '92/96‡‡	80½	+¼	11.64	12.49
115¾	96	Treasury 15¼pc '96‡‡	115⅝	+¼	13.59	13.27
104	86	Exchequer 13¼pc '96‡‡	103⅜	+¼	13.09	13.03
47	43⅝	Redemption 3pc 1986-96	46¼	......	6.55	10.37
103½	83½	Treasury 13¼pc '97‡‡	101⅝xd	+¼	13.04	13.00
87⅝	69⅝	Exchequer 10½pc 1997	84⅝xd	+¼	12.32	12.76

Over Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
78½	64	Treasury 8¾pc 1997‡‡	78½	+⅝	11.46	12.44
115⅛	94¼	Exch. 15pc 1997	114¾	+⅜	13.49	13.28
64⅞	54½	Treasury 6¾pc '95-98‡‡	64⅞	+¼	10.66	11.96
119⅞	99½	Treas. 15½pc '98‡‡	119¾	+⅜	13.49	13.22
96¼	78¼	Exch. 12pc 1998	96	+¼	12.78	12.88
80⅝	66	Treasury 9½pc 1999‡‡	79½	+⅜	11.99	12.48
99⅝	81¼	Exch. 12¼pc 1999	99⅝	+¼	12.84	12.90
86⅝	71⅛	Treasury 10½pc 1999	86⅝	+⅛	12.38	12.70
102¾	82¼	Treas. 13pc 2000	101¼	+¼	12.87	12.86
108½	89	Treas. 14pc '98-01	108¼	+⅜	13.20	13.09
96¼	76½	Exch. 12pc '99-02	94⅝xd	+⅛	12.68	12.78
107¼	85⅞	Treas. 13¾pc 2000-03	105xd	+⅛	13.05	13.01
96¼	78¼	Treasury 11½pc '01-04	96	+¼	12.47	12.56
38	33¼	Funding 3½pc '99-04	38	+¼	9.25	11.10
101	81⅝	Treasury 12½pc '03-05	100⅞	+⅜	12.66	12.65
71⅛	59¾	Treasury 8pc '02-06‡‡	71⅛	+¼	11.64	11.97
95⅝	75⅞	Treasury 11¾pc 03-07	93⅝xd	+⅛	12.54	12.59
110	90	Treas. 13½pc '04-08	109⅞	+⅜	12.79	12.74
52⅛	44¼	Treasury 5½pc '08-12‡‡	52⅛	+⅛	10.97	11.38
67⅛	55⅝	Treasury 7¾pc '12-15‡‡	66½xd	+¼	11.64	11.78
99½	81⅛	Exch. 12pc '13-'17	99¼	+¼	12.24	12.25

Undated

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
33	27⅞	Consols 4pc	32¾xd	......	12.17	—
30¼	26⅜	War Loan 3½pc‡‡	30¼	......	11.76	—
34¼	31½	Conv. 3½pc '61 Aft.	34¼	......	10.40	—
30	21	Treasury 3pc 66 Aft.	24⅝	......	12.64	—
21	17¼	Consols 2½pc	21	......	11.97	—
21	17⅝	Treasury 2½pc	21	......	12.36	—

Index-Linked & Variable Rate

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅛	99⅛	Treas. Variable '83	100	......	12.13	12.03
98	95	Do. 2pc I.L. '88	97⅜	−⅛	2.05	2.88
106	93	Do. 2pc I.L. '96	99⅜	−⅛	2.32	3.09
101½	86⅛	Do. 2pc I.L. '06	93⅝	−⅛	2.38	2.90
104	90	Do. 2½pc I.L. 2011	94⅞xd	−⅛	2.65	2.89

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101½	92¼	Finland 14½pc Ln 1986	101½	......	14.29	13.93
100¼	90¼	Int. Bank 13½pc 1986	100¼xd	......	13.47	13.39
101⅜	97	Do. 14pcLn 1987	101⅜	......	13.81	13.59
101¼	94½	Mex 16½pc 2008	96½	......	18.33	19.31
99½	90¼	Sweden 13½pc 1986	99½xd	......	13.57	13.63

CORPORATION LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
95½	85	Bath 11¼pc 1985	95½	+⅛	11.79	12.98
98¼	89¼	Brm'ham 12½pc 1985	98¼	+⅛	12.69	13.09
99¾	87	Burnley 13pc 1987	99½xd	+¼	13.07	13.12
93¼	81¼	Cardiff 11pc 1986	93¼	+¼	11.80	13.08
100½	94¼	G.L.C. 12½pc '83	100½	......	12.50	12.51
[illegible]						

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

[illegible]

Building Societies

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100½	98⅛	Nat'wide 14¾pc 11.8.82	100⅛xd	......	14.73	12.43
100½	98¼	Do. 14¾pc 25.8.82	100	......	14.75	14.51
101	99	Do. 15¼pc 29.9.82	100⅝	......	15.32	12.65
101⅞	99¾	Do. 16¼pc 27.10.82	100⅝	......	16.15	13.15
101	99½	Do. 15⅜pc 24.11.82	100⅝	......	15.28	12.90
101⅛	99¼	Do. 15¼pc 13.12.82	100¼	......	15.14	12.94
102	99¾	Do. 16¼pc 17.1.83	101⅝xd	......	15.99	12.51
102	100	Do. 15⅝pc 7.2.83	102xd	+⅛	15.32	11.65
100½	99⅝	Do. 14¼pc 14.3.83	100½	......	14.18	13.44
100⅝	99⅝	Do. 14¼pc 4.4.83	100⅝	......	14.14	13.10
101⅛	100⅛	Do. 14¾pc 25.4.83	101⅛	......	14.58	13.15
100¼	99⅛	Do. 13⅞pc 25.5.83	100¼	......	13.77	12.91

FOREIGN BONDS & RAILS

1982 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
		For Antofagasta see "Recent Issues."				
16	11	Chinese 4½pc 1898	11	......	—	—
13	9	Do. 5pc 1912	9	......	—	—
12	7	Do. 5pc 1913	7	......	—	—
10½	7	Do. 5pc '25 Boxer	7	......	—	—
44	42	Greek 7pc Ass.	43	......	3½	8.29
42	40	Do. 6pc 28 Stb. Ass.	41	......	3	7.58
38	35	Do 4pc Mixed Ass.	38	......	2	5.27
35	29	Hung. '24 Ass.	29xd	......	2¼	19.48
104	87½	Hydro Quebec 15pc Ln 2011	104xd	......	15	14.42
67	58	Iceland 6½pc '83-88	67	......	6½	14.20
95¼	80	Do. 14½pc Ln. 2016	92xd	......	14½	15.69
99¼	87¾	Ireland 7¾pc '81-83	94½xd	+½	7½	13.91
75¼	62½	Do. 9¾pc '91-96	75¼	+½	9¾	14.54
250	231	Japan 4pc '10 Ass.	237	......	—	—
77	67	Do. 6pc '83-88	69xd	......	6	13.26
161	161	Peru Ass. 2007	161	......	5.22	17.52
93¾	79	Pet. Mx 14½pc '06	81xd	......	14½	19.82
$79	$75	Turin 9pc 1991	$75	......	9	f12.00
DM90	DM87	Turin 6½pc 1984	DM87	......	6½	11.40

AMERICANS

1982 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
18½	13½	Abbott Labs. II	18¼xd	−⅜	84c	—	2.6
14¼	11¼	Alcoa 1$	13½	−⅛	$1.80	—	7.4
25⅛	10⅝	Amax $1	12¾xd	+¼	20c	—	0.9
15⅜	10⅛	Amdahl	11⅝	......	40c	—	1.9
28⅝	22⅛	Amer. Express $0.60	22½	+¼	$2.20	—	5.4
14⅝	10¼	Amer. Medical Intl. $1	14⅝	+½	52c	—	2.0
22⅞	16⅝	Amer. Nat. Res. $1	16⅝	......	$3.00	—	10.0
32⅛	28	American T. & T. Co.	30⅝	−⅝	$5.40	—	9.3
10¾	909p	Bank America Corpn.	10	−⅛	$1.52	—	8.4
[illegible]							

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
165	138	Kennedy Sm. 10p	163	......	‡14.38	4.1	3.8	8.6
210	180	Kershaw (A.) 5p	180	......	21.75	0.5	17.9	(20.9)
51	41	Kleen-E-Ze Hldgs.	48	......	5.5	0.7	16.4	(10.8)
68	52	L.C.P. Hlds.	53	–1	3.6	0.5	9.7	(40.0)
63	39½	L.R.C. Int. 10p	63	......	2.75	♦	6.4	♦
46	34	Lawtex	35	......	‡1.5	—	5	—
188	148	Leed Inds. 50p	150	......	9.66	1.8	9.2	(8.2)
415	277	Lep Group 10p	415	+3	17.5	♦	6.2	♦
37	28	Lilleshall 10p	30	......	2.5	—	11.9	—
60	39	Lon. & Liv. 10p	60	......	2.45	2.4	6.0	8.5
102	78	London & Mid'd	94	+1	7.75	♦	12.9	♦
51	36	Lon. & Nthn. Grp.	48	......	3.75	2.1	11.2	5.1
35	23	‡Lon. Priv. Health	35	+1	—	—	—	♦
10	3½	Long Hmbly. 10p	8	–¼	8—	—	—	—
48	36	Longton Inds.	44	......	1.0	—	3.2	—
72	33	Lonsdale Univrsl.	65	......	‡1.0	0.9	2.2	(19.3)
195	83	Low & Bonar 50p	84	–2	7.0	1.6	11.9	(6.5)
27½	19	M.Y. Dart. 10p	19½	......	‡1.21	—	8.9	—
174	105	M'c'rthy Ph. 20p	174	......	7.0	2.8	5.7	8.1
110	70	Macfarlane Gp.	109	......	4.0	2.2	5.2	11.2
37	28	Maclellan 20p	36#	......	1.43	1.4	5.7	(15.0)
86	55	Macpherson (D.)	55xd	–½	4.2	1.5	10.9	8.8
62	53	Magnolia Group	61½	......	2.3	3.9	5.5	6.1
108	60	Man. Ship Can. £1	60	......	—	—	—	—
49	38	Marley	40	......	2.25	1.5	8.2	(10.0)
40½	29	Marling Ind. 10p	38½xd	......	1.08	♦	4.0	♦
49	33½	Marshall L'xy. 'A'	35	......	2.8	3.4	11.4	3.1
88	72	Marshall's Univ	82	......	0.1	—	0.2	—
37	28	Martin-Black	29	......	—	—	—	—

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	95	......	Q25c	10.3	19.6
33	19	Wankie Col. Z$1	20	+1	Q3c	1.2	12.1
21	12	Zam.Cpr.SBD0.24	15	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	15½	–½	—	—	—
7	1½	Argosy Gold NL 25c	2½	......			

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 31

FINANCIAL TIMES
Friday July 23 1982

U.S. warning as France defies pipeline ban

By David White in Paris

FRANCE yesterday defied the U.S. over its Soviet sanctions policy by ordering French companies to go ahead with contracts on the European-Siberian gas pipeline.

The decision prompted a statement from the White House in Washington that the U.S. is studying penalties it might impose on foreign companies ignoring its ban on equipment and technology sales to the pipeline.

In the mounting commercial row between the U.S. and Europe, it was the first time a European country had gone so far as take a firm decision to press ahead despite Washington's efforts to block the supply o fequipment made under U.S. licence.

Earlier, however, the Italian Government had specified that it wanted Italian contracts for the pipeline to eb honoured. In addition Chancellor Helmut Schmidt, of West Germany, said on U.S. television yesterday that European comapnies would stick to their contracts with the Soviet Union.

The French Prime Minister's office issued a terse, firm statement in the early morning saying that French pipeline contracts "must be honoured"—and that "deliveries due in 1982 must be made according to schedule."

It said France rejected the U.S. measures announced on June 18, reinforcing the original January embargo, and added a reminder that this position was shared by France's EEC partners.

"Such measures cause undue commercial damage to European companies. They are also harmful to co-operation between the U.S. and its allies," the statement concluded.

Creusot-Loire, the principal company involved in French contracts amounting to a total of more than $700m (£400m), said, however, that it was still awaiting direct instructions from the Government before going ahead.

The Government's statement is seen to give the green light to Alsthom to fulfil a contract for spare "rotor kits" similar to the ones General Electric was originally to have supplied for the pipeline.

This deal, worth som FFr 400m ($60m) and signed before the U.S. embargo, was directly affected by the U.S. decision to reinforce sanctions.

But at the same time the statement is interpreted as ruling out the possibility of Alsthom taking over the original General Electric contract. This involved 125 rotor kits which were to be supplied to John Brown of the UK, AEG-Kanis of West Germany and Nuovo Pignoneof Italy working on the turbine side of the contract.

Alsthom, however, has made clear in the past that it is reluctant to embark on the capital investment programme necessary to make good the loss of parts from GE in the U.S.

Dilemma for John Brown, Page 4

Israel launches attack on PLO and Syrian positions

BY OUR FOREGIN STAFF

ISRAELI forces attacked Syrian and Palestinian positions along the entire length of the ceasefire line in Lebanon yesterday.

The southern suburbs of Beirut were covered by a thick pall of smoke as Israeli aircraft bombed Palestinian targets in the Lebanese capital for the first time since June 25.

The Israelis said they had also attacked the Syrians and Palestinians in the eastern Bekaa Valley. Artillery and tank fire supported the aerial assault.

A Syrian military spokesman said the Israeli fire was being returned and that its forces had also been bombed along the main road from Damascus to Beirut.

Mr Philip Habib, the U.S. special envoy who is trying to negotiate a solution to the crisis caused by the Israeli invasion of Lebanon nearly seven weeks ago, arrived in Damascus from Beirut shortly before the latest Israeli attacks.

In Washington, the White House said that Mr Habib would also visit Israel, Egypt and Saudi Arabia. Mr Larry Speakes, the deputy Press Secretary, said the U.S. regarded the outbreak of fresh violence in Lebanon as serious and hoped that the ceasefire would remain intact.

Mr Menahem Begin, Israel's Prime Minister, called a special Cabinet session earlier yesterday amid growing concern that U.S. diplomatic efforts were failing to produce a formula under which the 6,000 Palestinian guerrillas trapped in west Beirut would leave Lebanon.

An Israeli military spokesman said, however, that attacks on the Syrians and Palestinians in eastern Lebanon were in retaliation for the deaths of five Israeli soldiers on Wednesday. They were ambushed by Palestinian guerrillas east of Lake Quaroun on the edge of the Bekaa Valley.

Mr Yitzhak Modai, the Israeli Minister without Portfolio, was quoted in the Jerusalem Post yesterday as saying: "The Government is determined to set in motion a plan to take Beirut . . . unless an agreement to dislodge the terrorists from west Beirut is reached within one to two weeks."

According to Israel radio, the meetings earlier this week between President Reagan and the foreign ministers of Saudi Arabia and Syria had failed to make any significant progress.

Senior Israeli commanders believe that it was a military error not to have attacked the PLO in Beirut early in the operation. They point to increasing casualties caused by Palestinian shelling and ambushes, and to the defensive positions the guerrillas have been able to erect in the capital during the past month.

Iran in major offensive, Page 3
Lombard, Page 17

Thatcher rules out early election

By Elinor Goodman, Political Correspondent

MRS THATCHER last night ruled out any possibility of an election before the autumn of next year, and signalled her determination to fight the campaign on the policies the Government has been pursuing for the last three years.

She said she wanted no artificial pre-election boom, and made it clear that she was extremely sceptical about the wisdom of fighting an election a single issue.

Addressing an end of term meeting of Tory back-benchers, the Prime Minister said she wanted "another full year of legislation, another year of bringing inflation down." Growth in the U.S. economy over the next year, she said, might also help to stimulate other Western economies.

She said she wanted "no gimmicks," and no special election policies which would have to be changed afterwards. The Government would, she promised, go on doing what was right for the country in the long term.

This, she made clear, meant keeping a tight check on public spending, and resisting demands for any early stimulus to the economy. "If we stand fast, and stand together we have a good chance of another five years of government," she said.

Mrs Thatcher, received a standing ovation from MPs and many of those present thought it was a good speech, but some of the wets were depressed by Mrs Thatcher's tone, and her apparent determination to hold down public spending again this autumn.

Pressure has been growing among some Tory back benchers for some economic stimulus in the autumn, along the lines proposed by the Confederation of British Industry. But yesterday Mrs Thatcher made clear both in the Commons and at last night's meeting, that she had no sympathy with the CBI's ideas for cutting National Insurance surcharge.

The National Insurance surcharge was being brought down in 10 days' time, as a result of the decision taken in the last Budget. If interest rates were to be brought down further, as the CBI wanted she said, a tight rein would have to be kept on spending.

With opinion polls showing the Tories well ahead of all the other parties, there are those in the Party who believe Mrs Thatcher should capitalise on the Government's success over both the Falklands and the unions by going for a snap election. But Mrs Thatcher made clear last night that she had no intention of following her predecessor's example and fighting an election on a single issue.

BP switches investment away from North Sea exploration

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM is switching more of its exploration and production investment away from the North Sea to overseas locations.

The company claimed yesterday that high taxation was making UK oil discoveries increasingly less attractive.

Senior officials made it plain that BP hoped to win a major stake in China's offshore exploration programme. Mr Basil Butler, managing director of BP Exploration, said that areas shortly to be licensed were "distinctly prospective and geologically interesting."

Regarding prospects and general taxation terms, China was a more attractive drilling area than the UK sector of the North Sea. It was possible that BP could divert some of its drilling equipment and personnel from Britain to China, Mr Butler said.

BP is to head a bidding consortium of two Canadian companies — Petro-Canada and Ranger Oil—Australia's Broken Hill Proprietary, and Petrobras, the Brazilian state oil corporation. The group has told Chinese authorities it could begin drilling early in the New Year.

BP's exploration budget is being increased by 43 per cent, from £282m last year to £403m this year. But only £100m will be spent in the UK. Most drilling expenditure will be in other parts of Europe, including Norway, France and Germany, North and South America, Australasia, the Far East and the Middle East.

BP's EXPLORATION AND PRODUCTION ASSETS
Net book value (£m)

	1977	1978	1979	1980	1981
UK	902	1,025	1,183	1,570	1,842
Rest of Europe	18	20	20	39	103
Middle East, Africa	—	—	21	37	91
North and South America	71	1,045	1,090	1,157	2,048
Australasia, Far East	50	60	61	71	135
Total	1,041	2,150	2,375	2,874	4,219

The widening scope of BP's exploration programme emphasises the company's drive to lessen its dependence on UK North Sea and Alaskan oil. In 1977 the UK accounted for 87 per cent of the group's exploration and production assets. By last year the share had fallen to 44 per cent.

Mr David Walker, managing director of BP Petroleum Development (UK), said the high level of North Sea taxation was leaving oil companies with too little cash flow and inadequate incentive to invest in small- and medium-sized fields.

Fields with between 50m and 80m barrels were now considered uneconomic development prospects. But they accounted for most of the unexploited reserves.

At the present UK production rate — almost 2m barrels a day — North Sea companies needed to exploit one of these fields every 50 days to maintain the present level of developed oil reserves, Mr Walker said. Each field might cost between £500m and £600m to develop.

Mr Walker, who is also president of the UK Offshore Operators Association, said that because of the Government's taxation policies "we are suffering, the construction industry is suffering, and eventually the public will suffer."

In Norwegian waters, BP may soon develop the Ula oil field. A decision is expected later this year. BP is also planning the development of Egyptian small oil finds in the Gulf of Suez.

Exxon dives, Page 23;
U.S. continental shelf offered for oil exploration, Page 4

EEC steel exports offer to U.S.

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Community yesterday volunteered to reduce its steel exports to the U.S. until the end of 1985.

The offer was sent to the U.S. last night in a last-minute attempt to persuade President Ronald Reagan to suspend special punitive duties on many of Europe's major steel exporters.

The duties were provisionally imposed by the U.S. Commerce Department, which found the EEC imports to be unfairly subsidised and harmful to the U.S. steel industry.

Community officials met U.S. officials in Washington last night to discuss the plan. Unless the U.S. suspends the duties today, they will take effect automatically on August

The Brussels proposal, agreed earlier this week, is that during the 12 months starting on October 1, Britain, France, Italy and Belgium will ship to the U.S. 10 per cent less steel than they sold there in 1981.

The EEC package also includes an undertaking from West Germany, the Netherlands and Luxembourg not to take advantage of the other countries' export cuts by raising their own shipments to the U.S.

U.S. Commerce Department experts were last night attempting to evaluate the offer in terms of value and tonnages.

First indications were, however, that the proposal could fall far short of the 1.5m tonnes a year cut in European steel exports sought by the U.S.

But EEC officials hope the U.S. will balance against that the political advantages of a settlement that would help defuse mounting trade tensions. The offer also represents a major decision by community states to accept a burden-sharing arrangement that would spread the effects of the cuts.

Britain's steel sales have been hit by 40 per cent U.S. preliminary countervailing duties, while those of Italy suffer only an 18 per cent charge and French and Belgian sales up to 30 per cent and 21 per cent respectively.

Although the U.S. deadline may be extended slightly, U.S. officials suggest, once it has passed Washington must win the approval of protectionist U.S. steelmakers for any future settlement. The EEC proposals were delayed for almost 24 hours, mainly because of West German opposition to its burden-sharing aspects.

It became clear yesterday that the U.S. Government had implicitly accepted the EEC's recent request for bilateral deals to be negotiated between the U.S. and the four most heavily penalised steel-exporting countries.

Continued from Page 1

Japanese

maintain its product development.

The proposed deal is thought unlikely to meet much resistance in the rest of the U.S. steel industry, which is aware of arguments in Washington that Japanese concerns should be encouraged to invest in the U.S. rather than just import.

An important factor for the steel industry will be whether the Japanese consortium creates new jobs through its acquisition.

Weather

UK TODAY

MOSTLY dry with some sunshine.

Channel Is.
Bright with some thundery showers. Max 21C (70F).

N. Wales, N.W. England, I.o.M., N. Ireland, W. and Central Scotland
Early mist, sunny periods, warm. Max 24C (75F).

N.E. and N. Scotland, Orkney, Shetland
Cloudy with some drizzle. Max 18C (64F).

Rest of UK
Dry, some sunny periods. Max 22C (72F).

Outlook
Mostly dry and warm, becoming cool and showery.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio		—	—	L. Ang.†	F	19	66
Algiers		—	—	Luxmbg.	C	17	63
Amsdm.	C	19	66	Luxor		—	—
Athens	S	33	91	Madrid	S	29	84
Bahrain	S	37	99	Majorca	S	31	88
Barclna.	F	29	84	Malaga	S	35	95
Beirut		—	—	Malta	S	32	90
Belfast	S	19	66	M'chstr.	F	17	63
Belgrd.	F	31	88	Melbne.	F	13	55
Berlin	S	24	75	Mx. C.†		—	—
Biarritz	F	22	72	Miami†	C	26	79
Bmghm.	C	15	59	Milan		—	—
Blackpl.	F	19	66	Montrl.†	S	18	64
Bordx.	S	24	75	Moscow	R	18	64
Boulgn.		—	—	Munich	F	26	79
Bristol	S	19	66	Nairobi	C	21	70
Brussels	S	19	66	Naples	S	31	88
Budpst.		—	—	Nassau		—	—
Cairo	S	33	91	Nwcstl.	C	15	59
Cardiff	F	19	66	N York†	S	20	68
Cas'b'ca.		—	—	Nice	S	28	82
Cape T.		—	—	Nicosia		—	—
Chicg.†	R	23	73	Oporto		—	—
Cologne	C	18	64	Oslo	S	22	72
Cpnhgn.	S	22	72	Paris	C	19	66
Corfu		—	—	Perth	C	12	54
Denver†	F	17	63	Prague		—	—
Dublin	S	21	70	Reykjvk.		—	—
Dbrvnk.		—	—	Rhodes		—	—
Ednbgh.	S	17	63	Rio J'o†		—	—
Faro		—	—	Rome	S	30	86
Florence	S	33	91	Salzbrg.		—	—
Frankft.		—	—	S F'cisc†		—	—
Funchal		—	—	S. Moritz		—	—
Geneva	F	26	79	Singapr.	F	31	88
Gibraltar	S	31	88	S'tiago†		—	—
Glasgow	S	25	77	Stckhm.	S	19	66
G'nsey	C	15	59	Strasbg.		—	—
Helsinki		—	—	Sydney	C	13	55
H. Kong	F	30	86	Tangier		—	—
Innsbrk.	S	26	79	Tel Aviv		—	—
Invrnss.	C	16	61	Tenerife		—	—
I.o.Man	S	19	66	Tokyo	F	28	82
Istanbul		—	—	T'ronto†	C	17	63
Jersey	C	16	61	Tunis		—	—
Jo'burg	S	18	64	Valencia		—	—
L. Plms.	S	24	75	Venice	S	30	86
Lisbon	S	25	77	Vienna	S	29	84
Locarno		—	—	Warsaw		—	—
London	F	20	68	Zurich		—	—

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

A Capulet in Old Broad Street

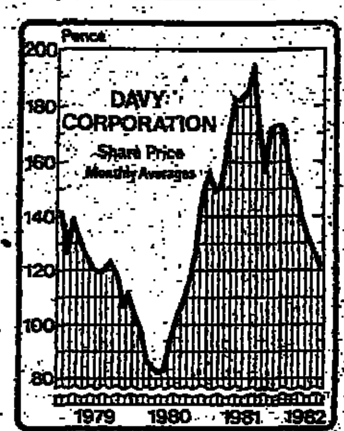
First it was Security Pacific taking a stake in Hoare Govett. Now Aetna Life, the biggest non-mutual insurance company in the U.S., is buying 40 per cent of Samuel Montagu. Whilst the barriers between UK financial institutions are not crumbling in the way they are in the U.S., the fabric of the City's financial services industry is changing fast.

Aetna appears to be paying a fancy price for its share of a merchant bank which has plenty of potential but not much of a track record. Midland is not revealing Montagu's true net worth but says that, at £66.1m, Aetna is paying a premium for its stake. That seems clear given that Montagu's disclosed profits last year amounted to only £6m.

So Midland has landed a handy cash sum while retaining majority control of its merchant bank. Samuel Montagu, meanwhile, gains access to an enviable customer base and the promise of a sizeable cash injection over the next five years.

The negative aspect of the deal is that it must throw renewed doubt on Samuel Montagu's continued membership of the accepting houses committee; this has looked rather odd ever since Montagu was taken over by a clearing bank.

Index unchanged at 573.2



Davy

It may be that the world has changed. Davy, for so long an unashamed bull of almost every market in which it sells, has now adopted a "revised conceptual approach," emphasising instead the uncertain state of demand, particularly in the U.S., and a worldwide surplus of process-plant contractors.

In the year to March Davy could at least post a 9 per cent rise in pre-tax profits, to £20.4m, and carry through the 10 per cent dividend increase with which it had lubricated January's rights issue. The group was still seeing worthwhile (if currency-aided) growth from overseas parts of Davy McKee, broadly offsetting a leaner run from UK contracting. Moreover, UK manufacturing losses were eliminated.

However, it is clear that the going is now harder. Important parts of the group are becoming very short of work. Work in hand is slightly ahead as a whole, but in the U.S. and Germany the current workload is already slipping, and the forward load is down by a third, within a static overall figure. Conventional petrochemical plant is a drug on the market and synfuel projects are on the historical shelf.

Though much maligned, the rights issue has left Davy with a balance sheet much more appropriate to its volume of business, and a 9 per cent yield at 122p offers some compensation for the lack of short-term growth prospects.

National Savings

Last year the Government rediscovered the charms of National Savings as a funding medium with all the appetite of a hungry man discovering that there is cheese as well as pudding. This year it is finding it rather harder to raise an incremental £3bn from the same source; the battle for deposits is hotting up.

So yesterday, as well as a doubling of the limit for holdings of Granny bonds, there was one of the Treasury's rare new product launches. Kept under wraps for weeks under the mysterious code name "Bruce-Gardyne," it turns out to be a bond offering monthly income, at an initial rate of 13½ per cent (taxable but paid gross) on anything up to £200,000, thank you very much. Yet while National Savings bids for funds at premium rates, the banks are being prodded to drop their deposit rates to still more uncompetitive levels.

Berisford

S & W Berisford's position as the dominant UK sugar merchant has provided British Sugar with a plank in its last-ditch defence of its independence before the European Commission's competition directorate. British Sugar has been able to argue that the ownership of the principal UK sugar producer by the biggest merchant could lead to anti-competitive practices—even though this line of attack was fully considered by the Monopolies Commission last year.

Berisford has now drawn the teeth of the argument by the simple expedient of selling all its sugar merchanting and related companies to another merchant, Napier Brown, for £6m. This disposal would have made sense in any case since the Monopolies Commission's very proper insistence that Berisford should stop handling Tate and Lyle sugar were it to get hold of British Sugar would have greatly restricted its merchanting arm. Napier Brown is subject to no such restrictions.

Berisford has burned a few boats, but the bonfire must result in a tighter grip on British Sugar. On the evidence of the last couple of weeks, however, British Sugar is not going to stop wriggling yet.

MFI

Sales volume at MFI has fallen by 12 per cent in the year to May. Yet pre-tax profits have risen by 28 per cent to £15.1m, and in spite of the weather-induced gloom at the interim stage, the gain in the second six months was a respectable enough 18 per cent.

In sharp contrast to most retailers, MFI is exceedingly liberal with its figures and to pin point from where the performance derives. Sales per square foot have fallen—by 30 per cent over the last two years—but sales per employee have been rising sharply—by 36 per cent. So the key MFI ratio has been staff per square foot, and the completion of a computerisation programme has allowed this to halve in the period; last year wage costs fell by 8 per cent.

Price rises of about 5 per cent have helped improve gross margins without any apparent loss of competitiveness. Staffing levels, if not quite as lean as MFI's chairman can probably be trimmed no further, but it looks as if some extra volume will be coming through. So far this year there may have been an improvement of a tenth, and the outcome may be comfortably above £17m. The shares rose 3p yesterday to 74p, where the yield is 5.6 per cent.

Brussels move against BL and Ford

BY JOHN WYLES IN BRUSSELS AND KEN GOODING IN LONDON

BL AND FORD of West Germany are the targets of preliminary European Commission proceedings which could result in formal challenges to the companies' efforts to damp down the sale of right-hand-drive cars in continental Europe.

The cars are being imported into the UK, having been sold at prices often significantly lower than those prevailing in Britain.

The Commission said yesterday it had sent a "statement of objections" to Ford. BL is also expecting one. "The Commission will be initiating some proceedings against us," BL said.

A statement of objection does not mean the Commission has decided EEC competition rules are being breached. But it does indicate suspicion and anxiety and requires the company in question to explain its practices. If the explanation is unsatisfactory, the Commission can launch European Court proceedings.

In Ford's case, the Commission is thought to be looking at the implications under Article 85 of the Treaty of Rome of the company's refusal to sell right-hand-drive cars to non-UK Community markets.

The proceedings against BL follow an examination by Commission officials earlier this year of company documents.

No details were available yesterday of the basis of the Commission's proceedings, but it is thought likely that Brussels is concerned about BL's moves to raise the prices of its right-hand drive cars on the Continent. Imposition of an "unfair selling price" by a major producer is outlawed by Article 86 of the Treaty.

Ford's refusal to supply and BL's price rises were a reaction to a virtual explosion of car purchases on the Continent, especially Belgium, by people resident in the UK. Right-hand-drive "parallel imports" are estimated to have soared from a few thousand in 1979 to 40,000 in 1980 and 50,000 last year, or about 3.5 per cent of last year's new-car market in the UK.

While the Commission feels it cannot turn a blind eye to breaches of EEC rules, it is not anxious to bring about a serious depression in British car prices through a completely unregulated supply of low-priced imports.

It has drafted a new regulation which will be looked at by the Council of Ministers in September. The regulation would facilitate the purchase of a car anywhere in the Community when the difference in selling price between the country of purchase and the prospective owner's country is greater than 12 per cent.

Generally, the car should conform to the specifications of the country in which it is purchased, but the Commission is determined to have a special provision requiring the supply of right-hand drive vehicles in continental Europe.

Concern in the UK about the need to protect the domestic motor industry from parallel imports has been stressed by Mr Hal Miller, the Conservative MP for Bromsgrove and Redditch in the West Midlands, who is chairman of the Commons' all-party committee on the motor industry.

In a letter to the Commission's competition directorate, Mr Miller expressed alarm at the indications that the Commission is contemplating action against Ford. Officials in Brussels were clearly irritated yesterday that this letter had been publicised before reaching them.

Car tariffs row, Page 28